

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 405/TT/2014

Coram:

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

**Date of Hearing: 13.11.2014
Date of Order : 11.12.2014**

In the matter of

Determination of transmission tariff from DOCO to 31.3.2019 for Vijayawada-Nellore 400 kV D/C line along with the extension of 400/220 kV Sub-station at Vijayawada & Nellore AP and 1 X 63 MVAR line reactor at both the ends of each circuit of Vijayawada-Nellore 400 kV D/C line under "Transmission system associated with System Strengthening-XVIII in Southern Regional Grid" 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. (KPTCL),
Kaveri Bhawan, Bangalore-560 009.
2. Transmission Corporation of Andhra Pradesh Ltd. (APTRANCO),
Vidyut Soudha,
Hyderabad-500 082.
3. Kerala State Electricity Board (KSEB),
Vaidyuthi Bhavanam,
Pattom, Thiruvananthapuram-695 004.
4. Tamil Nadu Generation and Distribution Corporation Ltd.



NPKRR Maaligai, 800, Anna Salai,
Chennai-600 002.

5. Electricity Department
Government of Goa
Vidyuti Bhawan, Panaji, Goa-403001
6. Electricity Department, Government of Pondicherry,
Pondicherry-605 001.
7. Eastern Power Distribution Company of Andhra Pradesh Ltd. (APEPDCL),
APEPDCL, P&T Colony,
Seethmmadhara, Vishakhapatnam,
Andhra Pradesh.
8. Southern Power Distribution Company of Andhra Pradesh Ltd. (APSPDCL),
Srinivasasa Kalyana Mandapam Backside,
Tiruchanoor Road, Kesavayana Gunta,
Tirupati-517 501.
9. Central Power Distribution Company of Andhra Pradesh Ltd. (APCPDCL),
Corporate Office, Mint Compound,
Hyderabad-500 063.
10. Northern Power Distribution Company of Andhra Pradesh Ltd. (APNPDCL),
Opp. NIT Petrol Pump,
Chaitanyapuri, Kazipet,
Warangal-506 004.
11. Bangalore Electricity Supply Company Ltd. (BESCOM),
Corporate Office, K. R. Circle,
Bangalore-560 001.
12. Gulbarga Electricity Supply Company Ltd. (GESCOM),
Station Main Road, Gulbarga.
Karnataka.
13. Hubli Electricity Supply Company Ltd. (HESCOM),
Navanagar, PB Road,
Hubli, Karnataka.
14. MESCOM Corporate Office,
Paradigm Plaza, AB Shetty Circle,
Mangalore-575 001.

15. Chamundeswari Electricity Supply Corporation Ltd. (CESC),
927, L J Avenue, Ground Floor,
New Kantharaj Urs Road,
Saraswatipuram, Mysore-570 009.

.....**Respondents**

For petitioner : Shri M.M. Mondal, PGCIL
Shri S.K. Venkatesan, PGCIL
Shri Rakesh Prasad, PGCIL
Mrs. Sangeeta Edwards, PGCIL

For respondents : None

ORDER

In the instant petition the petitioner, Power Grid Corporation of India Limited (PGCIL) has sought approval of transmission tariff for Vijayawada-Nellore 400 kV D/C line along with the extension of 400/220 kV Sub-station at Vijayawada & Nellore AP and 1 X 63 MVAR line reactor at both the ends of each circuit of Vijayawada-Nellore 400 kV D/C line under "Transmission system associated with System Strengthening-XVIII in Southern Regional Grid" from the date of commercial operation to 31.3.2019 as per the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as "2014 Tariff Regulations"). The petitioner has also prayed for allowing 90% of the Annual Fixed Charges as per Regulation 7(7) of the 2014 Tariff Regulations.

2. The petition was heard on 13.11.2014 for considering the petitioner's prayer for Annual Fixed Cost as per Regulation 7(7) of the 2014 Tariff Regulations. During the hearing, representative of the petitioner submitted that as per the Investment Approval

(IA) dated 4.6.2012, the schedule completion is 4.11.2014 (29 months from the date of investment approval). The subject assets are anticipated to be put under commercial operation w.e.f. 1.2.2015 and there is anticipated time over-run of 3 months. The estimated completion cost of the instant asset is ₹57775 lakh against the apportioned approved cost of ₹48411 lakh. There is a cost over-run of ₹9400 lakh in comparison to FR cost. The cost over-run of ₹6500 lakh is mainly on account of increased compensation to the land owners as per the directions of District Administration and increase of ₹2400 lakh is on account of increase in line length by 7 km and corresponding increase in number of angle towers leading to increase in hardware fittings, civil work as per actual site conditions.

3. In response to the query of the Commission regarding the increase of the land cost, the representative of the petitioner submitted that as per the directions of the Hon'ble High Court of Andhra Pradesh, corridor compensation cost of around ₹174 lakh per km is required to be paid by the petitioner. He further requested to grant AFC as provided under Regulation 7(7) of the 2014 Tariff Regulations.

4. Regulation 7 of the 2014 Tariff Regulations provides as follows:-

"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 Central Electricity Regulatory Commission (Sharing of Inter State Transmission charges and losses), Regulation, 2010 as amended from time to time.
- (ii) if the date of commercial operation is delayed beyond 180 days from the date of issue of tariff order in terms of clause (6) of this regulation, the tariff granted shall be deemed to have been withdrawn and the generating company or the transmission licensee shall be required to file a fresh application for determination of tariff after the date of commercial operation of the project:

- (iii) where the capital cost considered in tariff by the Commission on the basis of projected capital cost as on COD or the projected additional capital expenditure exceeds the actual capital cost incurred on year to year basis by more than 5%, the generating company or the transmission licensee shall refund to the beneficiaries or the long term transmission customers /DICs as the case may be, the excess tariff recovered corresponding to excess capital cost, as approved by the Commission along with interest at 1.20 times of the bank rate as prevalent on 1st April of respective year:
- (iv) where the capital cost considered in tariff by the Commission on the basis of projected capital cost as on COD or the projected additional capital expenditure falls short of the actual capital cost incurred on year to year basis by more than 5%, the generating company or the transmission licensee shall be entitled to recover from the beneficiaries or the long term transmission customers /DICs as the case may be, the shortfall in tariff corresponding to reduction in capital cost, as approved by the Commission along with interest at 0.80 times of bank rate as prevalent on 1st April of respective year.

5. As per proviso (i) to Regulation 7(7) of the 2014 Tariff Regulations, the Commission may grant tariff upto 90% of the annual fixed charge of the transmission system or element thereof for the purpose of inclusion in POC charges in accordance with the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses), Regulations, 2010. Regulation 7(2) of the 2014 Tariff Regulations provided that the application for tariff has been 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) provides that such an application shall be filed as per Annexure-I of these regulations.

6. The petitioner has made the application as per Annexure-I of the 2014 Tariff Regulations. 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.

7. There is time over-run and cost over-run in case of the instant assets. Tariff for the instant asset is allowed for inclusion in PoC charges under Regulation 7 (7) (i) of the 2014 Tariff Regulations in this order for the years 2014-15 and 2015-16 taking into consideration the aspect of time over-run and cost over-run, which would be dealt in detail at the time of determination of final tariff.

8. Annual transmission charges claimed by the petitioner:-

(₹ in lakh)

Assets	2014-15	2015--16
Vijayawada-Nellore 400 kV D/C line along with the extension of 400/220 kV Sub-station at Vijayawada & Nellore AP and 1 X 63 MVAR line reactor at both the ends of each circuit of Vijayawada-Nellore 400 kV D/C line along with 600 ohms NGR	1654.48	10385.38

9. Annual transmission charges allowed is as follows:-

(₹ in lakh)

Assets	2014-15	2015-16
Vijayawada-Nellore 400 kV D/C line along with the extension of 400/220 kV Sub-station at Vijayawada & Nellore AP and 1 X 63 MVAR line reactor at both the ends of each circuit of Vijayawada-Nellore 400 kV D/C line along with 600 ohms NGR	1109.06	6961.72

10. The tariff allowed in this order shall be applicable from the date of commercial operation (DOCO) of the transmission system and the billing, collection and disbursement of the transmission charges shall be governed by the provisions of

Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010, as amended from time to time.

11. The transmission charges allowed in this order shall be subject to adjustment as per Regulation 7(7) of the 2014 Tariff Regulations.

12. The petitioner is directed to submit the following information, for the purpose of determination of final tariff, on affidavit before 31.12.2014 with a copy to all the respondents, besides the information sought vide letter dated 18.11.2014.

- a) RLDC certificate and CEA certificate under Regulation 43 of Central Electricity Authority (Measures relating to Safety & Electricity Supply) Regulations, 2010, regarding the commercial operation of the instant asset;
- b) Auditor certificate for the capital cost incurred or projected to be incurred upto date of commercial operation, from date of commercial operation to 31.3.2019 alongwith break up of IDC, IEDC, break up of initial spares for sub-station and transmission line as per clause 7(4) of the 2014 Tariff Regulations;
- c) Computation of interest during construction from the date of infusion of debt fund up to scheduled date of commercial operation and from scheduled date of commercial operation to actual date of commercial operation separately as per 2014 Tariff Regulations;
- d) Details of incidental expenditure for the corresponding period of delay (from scheduled date of commercial operation to actual date of commercial operation)

alongwith the liquidated damages recovered or recoverable;

- e) Clarify whether the any interest accrued on account of advance payment or income received for renting office premises to the contractor have been reduced in IEDC; and
- f) Justification for accepting high awarded cost despite the wide variation with reference to the rate estimated in the investment approval.

sd/-

(A.S. Bakshi)
Member

sd/-

(A. K. Singhal)
Member

sd/-

(M. Deena Dayalan)
Member

sd/-

(Gireesh B. Pradhan)
Chairperson