

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 245/TT/2014

Coram:

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

**Date of Hearing: 16.09.2014
Date of Order : 17.12.2014**

In the matter of

Approval of transmission tariff for (A) Nellore Pooling Station-Kurnool 765 kV D/C Line along with the associated bays of 765 kV Nellore Pooling Station and Kurnool Sub-station and (B) 240 MVAR, 765 kV line reactor at Nellore end of one circuit and at Kurnool end of both circuits of Nellore-Kurnool 765 kV line under "Common System associated with ISGS projects in Krishnapatnam area of Andhra Pradesh" for tariff block 2014-19 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 Goa,
Vidyuti Bhawan, Panaji-403 001
6. Electricity Department
Government of Pondicherry,
Pondicherry – 605 001
7. Eastern Power Distribution Company of Andhra Pradesh Ltd. (APEPDCL),
P&T Colony, Seethmmadhara,
Vishakhapatnam
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, Chaitanayapuri,
Kazipet, Warangal-506 004
11. Bangalore Electricity Supply Company Limited (BESCOM)
Corporate Office, K.R. Circle,
Bangalore-560 001
12. Gulbarga Electricity Supply Company Limited (GESCOM)
Station Main Road,
Gulbarga
13. Hubli Electricity supply Company Limited (HESCOM)
Navanagar, PB Road,
Hubli
14. Mescom Corporate Office
Paradigm Plaza, AB Shetty Circle,
Manglore-575 001

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

.....**Respondents**

For petitioner : Shri S. S. Raju, PGCIL
Shri S. K. Venkatesan, PGCIL
Shri M. M. Mondal, PGCIL
Shri Rakesh Prasad, PGCIL
Ms. Sangeeta Edwards, PGCIL
Ms. Seema Gupta, 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 (A) Nellore Pooling Station-Kurnool 765 kV D/C Line along with the associated bays of 765 kV Nellore Pooling Station and Kurnool Sub-station and (B) 240 MVAR, 765 kV line reactor at Nellore end of one circuit and at Kurnool end of both circuits of Nellore-Kurnool 765 kV line (hereinafter "Asset-I") under "Common System associated with ISGS projects in Krishnapatnam area of Andhra Pradesh", under 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 from the date of commercial operation to 31.3.2019 as per Regulation 7(7) of the 2014 Tariff Regulations.

2. The petition was heard on 16.9.2014. During the hearing, the representative of the petitioner submitted that as per the Investment Approval (I.A.) dated 4.8.2011, the

scheme was scheduled to be completed within 36 months from the date of I.A., i.e. by 3.8.2014. The petition was filed on 19.8.2014 with anticipated date of commercial operation as 1.10.2014. There is cost over-run of 21% and marginal time over-run in case of instant asset. He further requested to grant 90% of AFC as provided under Regulation 7(7) of the 2014 Tariff Regulations as determination of final tariff in this matter would take some time.

3. 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 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.

4. 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), Regulation, 2010 (hereinafter "Sharing Regulations"). Regulation 7(2) 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 the 2014 Tariff Regulations provides that such an application shall be filed as per Annexure-I of 2014 Tariff Regulations.

5. 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.

6. We have considered the submissions made by the petitioner. After carrying out a preliminary prudence check of the AFC claimed by the petitioner in this matter and taking into consideration the time and cost over-run, which shall be looked into in detail at the time of final tariff, the Commission has decided to allow tariff @ 80% for the years 2014-15 and 2015-16 in terms of proviso (i) of Regulation 7(7) of the 2014 Tariff Regulations in this order.

7. Annual transmission charges claimed by the petitioner are as follows:-

(₹ in lakh)

Asset	2014-15 (pro-rata)	2015-16	2016-17	2017-18	2018-19
Asset-I: Nellore PS-Kurnool 765 kV D/C line along with associated bays at 765 kV Nellore PS and Kurnool S/S and 240 MVAR, 765 kV line reactor at Nellore end of one ckt. and at Kurnool end of both circuits of Nellore-Kurnool 765 kV line	11150.45	22674.59	22482.14	21895.66	21293.44

8. Annual transmission charges are allowed as follows:-

(₹ in lakh)

Asset	2014-15 (pro-rata)	2015-16
Asset-I: Nellore PS-Kurnool 765 kV D/C line along with associated bays at 765 kV Nellore PS and Kurnool S/S and 240 MVAR, 765 kV line reactor at Nellore end of one ckt. and at Kurnool end of both circuits of Nellore-Kurnool 765 kV line	7388.26	15024.13

9. The tariff allowed in this order shall be applicable from the date of commercial operation 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.

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

sd/-

(A.S. Bakshi)
Member

sd/-

(A. K. Singhal)
Member

sd/-

(M. Deena Dayalan)
Member

sd/-

(Gireesh B. Pradhan)
Chairperson