

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 108/TT/2014

- Subject:** Approval of transmission tariff for Asset-I: consisting of Nellore-Thiruvalam 400 kV D/C Quad line, Extension of 400/220 kV sub-station at Nellore, Extension of 400/220 kV sub-station at Thiruvalam and 1x50 MVAR line reactor at both ends of each circuit of Nellore-Thiruvalam 400 kV Quad line along with 450 ohms NGR and Asset-II: Thiruvalam-Melakottaiyur 400 kV D/C line along with bay extensions at Thiruvalam and Melakottaiyur Sub-stations “under Transmission system associated with System Strengthening-XVIII in Southern Regional Grid” in Southern Region.
- Date of Hearing:** 10.9.2015
- Coram:** Shri Gireesh B. Pradhan, Chairperson
Shri A.S. Bakshi, Member
- Petitioner:** Power Grid Corporation of India Limited (PGCIL)
- Respondents:** Karnataka Power Transmission Corporation Limited (KPTCL)
and 14 others
- Parties present:** Shri S.S. Raju, PGCIL
Shri R. Prasad, PGCIL
Shri M.M. Mondal, PGCIL
Shri S. K. Venkatesan, PGCIL
Shri S.K. Meena, PGCIL
Ms. Sangeeta Edwards, PGCIL
Shri S. Vallinayagam, Advocate for TANGEDCO

Record of Proceedings

The representative of petitioner submitted as follows:-

- (a) As per the Investment Approval (IA) dated 4.6.2012, the assets included in the project scope were to be commissioned within 29 months from the date of IA. Accordingly, the scheduled date of commercial operation works out to 3.11.2014. Asset-I and Asset II were commissioned on 16.4.2014 and 26.7.2014 respectively. The



assets were commissioned within the scheduled period and hence there is not time over-run;

- (b) The instant assets were commissioned with the timeline specified in the 2014 Tariff Regulations and are hence eligible for additional return on equity of 0.5%. As required under Regulation 24(2)(iii) of the 2014 Tariff Regulations, a certificate regarding usefulness of the assets will be obtained from the RPC and submitted to the Commission. Prayed for grant of additional return on equity of 0.5%;
- (c) The total approved cost of the project is ₹126326 lakh including IDC of ₹7855 lakh. The apportioned approved cost is ₹522.81 lakh and ₹237.50 lakh and estimated completion cost as on the date of commercial operation is ₹359.88 lakh and ₹157.36 lakh for Asset-I and Asset-II respectively. The projected additional capital expenditure is ₹91.41 lakh, ₹23.99 lakh and NIL for Asset-I and ₹18.54 lakh, ₹15.97 lakh and ₹1.50 lakh for Asset-II, during 2014-15, 2015-16 and 2016-17 respectively. Hence, there is no cost over-run in the case of instant assets;
- (c) The details of IEDC calculation has been filed vide affidavit dated 8.9.2015; and
- (d) The reply filed by TANGEDCO has not been received. On receipt of the reply of TANGEDCO rejoinder will be filed.

2. The learned counsel for TANGEDCO submitted that reply to the petition has already been filed and a copy of the same was provided to the petitioner as well.

3. The Commission directed the petitioner to submit the following information on affidavit with a copy to the respondents by 16.10.2015:-

- a) CEA certificate under Regulation 43 of CEA (Measures Related to Safety & Electricity Supply) Regulations, 2010 for the instant assets;
- b) Relevant pages of DPR for Reactors mentioned in the instant petition;
- c) There is cost variation in certain items as per Form 5. The detailed reasons and explanation for cost variation under various heads along with documentary evidence for the following items:-

Items	Estimated amount	Total cost	Variation in	
			Amount	%age
Crop and PTCC	256.28	1274.94	-1018.66	397



Tower steel	13866.60	14142.26	-275.66	198
Hardware fittings	1640.54	2115.51	-474.97	28.95
Conductor and earth wire accessories	637.01	796.05	-159.04	24.90
Switchgear (CT, PT, Circuit breaker/isolators etc.)	2808.78	3151.63	-342.86	12.20
Compensating equipments (Reactors, SVCs etc.)	1228.96	1449.06	-220.10	17.90
Control relay & protection panels	179.53	243.24	-63.71	35.40

- d) Single line diagram (SLD) and schematic of general arrangement;
- e) Latest status of commissioning of the Asset-II along with auditors' certificate in the case of actual COD or the management certificate in case of a change in the anticipated COD along with revised tariff forms and to clarify the absence of date in the auditors certificate submitted in the case of Asset-I;
- f) Documents in support of Interest rate and repayment schedule (as per Form-9C) of proposed loan (2014-15) in the case of Asset-II and details of any default in interest payment of any loan in the case of instant assets;
- g) Form-4A "Statement of Capital Cost" as per Books of account (accrual Basis) indicating amount of capital liabilities in gross block for instant assets;
- h) Detailed computation of actual IDC on cash basis and IEDC capitalised on cash basis for instant assets along with an editable soft copy of computation in Excel format and clarify if the entire amount of IDC and IEDC has been actually paid before the COD;
- i) Detailed breakup of IDC/IEDC capitalised along with apportionment of IDC and IEDC amongst different elements i.e. building, civil works, transmission line, sub-station and PLCC etc.;
- j) Details of IEDC during the period of delay (i.e. from 3.11.2014 to actual/anticipated COD) along with liquidated damages recovered/recoverable in respect of Asset-II;
- k) Form-5B covering details of all the assets covered in the scope of the approved project;
- l) Details of year wise liability discharged corresponding to initial spares procured upto cut-off date;



- m) Details regarding Income recovered from contractors and Other income, if any; and
- n) Details of allocation of corporate loans to various transmission elements in Form-9, details of other income generated, if any, in Form-14 and details of actual cash expenditure in Form-15 for instant assets.

4. The Commission directed the respondents to file their reply by 30.10.2015 with an advance copy to the petitioner who shall file its rejoinder, if any, by 10.11.2015. The Commission also directed the petitioner and the respondents to file the information within the dates specified and observed that information received after the due dates shall not be considered.

5. The Commission further directed the petitioner to work out the tax on return on equity and the deferred tax liability for the period 2014-19 as per the observations made in order dated 31.3.2015 in Petition No. 532/TT/2014.

6. The Commission observed that the matter will be listed for final hearing after completion of the pleadings.

By Order of the Commission

sd/-
(T. Rout)
Chief (Legal)

