

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Interlocutory Application No. 64/2014

in

Petition No. 283/GT/2014

Coram:

Shri Gireesh B Pradhan, Chairperson

Shri A.K.Singhal, Member

Shri A.S. Bakshi, Member

Date of Hearing: 13.01.2015

Date of Order: 06.02.2015

In the matter of

Interlocutory Application for in-principle approval to the work of 400 kV Bus Sectionaliser and capitalization of the associated expenditure for the purpose of tariff for safe and reliable operation of the grid

And

In the matter of

Approval of tariff of Kahalgaon STPS-II (1500 MW) for the period from 1.4.2014 to 31.3.2019

And

In the matter of

NTPC Ltd

.....Petitioner

Vs

1. GRIDCO Ltd

24, Janpath

Bhubaneshwar-751007

2. Power Department,

Govt of Sikkim, Kazi Road, Gangtok

Sikkim-737101

3. Gujarat Urja Vikas Nigam Limited,

Vidyut Bhavan, Race Course, Vadodara-390 007

4. Madhya Pradesh Power Management Company Limited,

Shakti Bhavan, Vidyut Nagar, Jabalpur-482 008

5. Maharashtra State Electricity Distribution Company Ltd,

'Prakashgad', Bandra (East), Mumbai-400 051

6. Chhattisgarh State Power Distribution Company Ltd,
Dhagania, Raipur-492 013
7. Electricity Department Administration of Dadra and Nagar Haveli,
Silvassa Via VAPI
8. Electricity Department, Administration of Daman & Diu,
Daman-396 210
9. Uttar Pradesh Power Corporation Ltd
Shakti Bhawan,
14, Ashok Road,
Lucknow – 226001
10. Uttarakhand Power Corporation Ltd
Urja Bhawan, Kanwali Road,
Dehradun – 248001
11. Jaipur Vidyut Vitran Nigam Ltd
Vidyut Bhawan, Janpath,
Jaipur – 302205
12. Ajmer Vidyut Vitran Nigam Ltd
Old Power House,
Hatthi Bhatta, Jaipur Road,
Ajmer – 305001
13. Jodhpur Vidyut Vitran Nigam Ltd
New Power House, Industrial Area,
Jodhpur – 342003
14. Power Development Department,
Government of J&K,
Secretariat, Srinagar-19009
15. BSES Rajdhani Power Ltd
BSES Bhawan, Nehru Place,
New Delhi – 110019
16. BSES Yamuna Power Ltd
BSES Bhawan, Nehru Place,
New Delhi – 110 019
17. Tata Power Delhi Distribution Ltd
33 kV Sub-station, Kingsway Camp,
Delhi –110009
18. Haryana Power Purchase Centre,
Shakti Bhawan, Sector-6
Panchkula – 134 109

19. Punjab State Power Corporation Ltd
The Mall, Secretariat Complex,
Patiala – 147 001

20. Himachal Pradesh State Electricity Board,
Vidyut Bhawan, Kumar House,
Shimla-171004

21. Power Department,
Union Territory of Chandigarh,
1st Floor, UT Secretariat, Sector 9D,
Chandigarh – 160 009

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

23. Eastern Regional Power Committee
14, Golf Club Road,
Kolkata-700033

24. Northern Regional Power Committee
18-A, S.Jeet Singh Marg, Katwaria Sarai,
New Delhi-110016

25. Western Regional Power Committee
F-3, MIDC Area, Andheri (East)
Mumbai-400093

.....Respondents

Parties Present:

Shri Ajay Dua, NTPC
Shri A.Basu Roy, NTPC
Shri R.B. Sharma, Advocate, BRPL & GRIDCO

ORDER

Petition No.283/GT/2014 has been filed by the petitioner, NTPC for determination of tariff of Kahalgaon STPS-II (1500 MW) ("the generating station") for the period 2014-19 in terms of the provisions of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 ("the 2014 Tariff Regulations"). During the pendency of the petition, the petitioner has filed the Interlocutory Application (I.A) seeking the specific relief as under:

“Accord in-principle clearance to the work of 400 kV Bus Sectionaliser and capitalisation of the associated expenditure for the purpose of tariff in view of the safe & reliable operation of the grid.”

2. The petitioner in the I.A has submitted that Kahalgaon Station has a common 400kV switchyard and all generating units of Kahalgaon I and Kahalgaon II are connected to the switchyard under one and half breaker scheme. Accordingly, following 400kV lines are connected in this switchyard for evacuation of power:

- (a) Kahalgaon-Barh
- (b) Kahalgaon-Biharsharif
- (c) Kahalgaon-Maithon I
- (d) Kahalgaon-Maithon II
- (e) Kahalgaon-Farakka

Also there is a 132 kV switchyard fed through 2 nos. 400/132 kV ICTs providing station supply and also supplying power to the local BSEB/JSEB grid through 3 nos. 132 kV line feeders.

The petitioner has pointed out that the issue of high fault level in Eastern Region sub-stations was discussed in the Standing Committee Meeting on power system planning in Eastern Region held on 20.9.2010, wherein CTU Power Grid stated that due to accumulation of generation project in Eastern Region including IPPs, estimated export of power from planned generation capacity in North Eastern Region including Sikkim through Eastern Region Grid, evolution of regional grid over the years, addition of various system strengthening schemes in ER and inter-regional transmission capacity, the Short Circuit Levels at 400 kV bus of various sub-stations has grown up to a high value. Power Grid further stated that as more generation projects are being envisaged in coming years, it is likely that this Short Circuit Levels at various stations would exceed the permissible limits of existing switchgear capacity (40 kA) in near future. The petitioner has further submitted that based on the system studies carried out by CTU Power Grid to examine the Short Circuit Levels at various sub-stations of Eastern Region, Power Grid suggested measures to reduce SCL below the permissible limits considering ongoing generating projects and

transmission schemes. The petitioner has also submitted that the result of study carried out by CTU, Power Grid presented in the ER Standing Committee Meeting showed that Short Circuit Levels at various 400 kV sub-stations at 'Maithon, Durgapur, Kahalgaon, Maithon- RB and Biharshariff are exceeding the permissible limit of 40 kA. Accordingly, it was decided in the meeting that splitting of 400 kV bus at following ISTS sub-stations in ER shall be carried out to contain the SCL below 40 kA:

- (a) Maithon
- (b) Durgapur
- (c) Kahalgaon
- (d) Biharshariff

The petitioner has submitted that it was further decided in the above meeting that the splitting arrangement at Kahalgaon generation station switchyard would be carried out by NTPC and splitting of 400 kV bus at other three sub-stations shall be carried out by the PGCIL. The petitioner has also stated that as per Regulation 14 (3) (ix) of the 2014 Tariff Regulations expenditure on replacement of switchyard equipments due to increase of fault level is admissible for transmission system. It has also been submitted that the decision of the Standing Committee was put before ERPC for ratification, wherein, NTPC agreed to carry out the work and sought the consent of the beneficiaries for servicing the capital expenditure in tariff. The petitioner has further submitted that the matter was resolved in the 24th meeting of ERPC held on 26/27.4.2013, that initially constituents of ER will share their portion of cost as per tariff approved by the Central Commission for this purpose and subsequently, if there is release of funds from Power System Development Fund (PSDF), the same will be reimbursed to the constituents. The petitioner has submitted that in the above meeting of ERPC it was also decided that since the constituents of other regions too have stake in the scheme, ERPC advised NTPC to take up the issue other Regions also. NTPC was further advised to discuss the technical details of the scheme with the constituents of ER in protection sub-committee of ERPC. The petitioner has further

submitted that the technical details of 400 kV bus splitting scheme was explained in the meeting of special protection sub-committee of ERPC held on 5.6.2013 and the constituent members agreed to the 400 kV bus splitting scheme of Kahalgaon STPS. The beneficiaries of NR also agreed to share the cost of this scheme in the 29th NRPC meeting held on 6.11.2013. Also, the beneficiaries of WR in the 24th WRPC held on 8.10.2013 suggested that the issue be first discussed in the WR Standing Committee for transmission planning before bringing before the WRPC. After discussion and validation in the WR Standing Committee on 5.9.2014, the issue was brought before the 27th WRPC meeting on 22.11.2014.

3. The petitioner has further stated that in line with the decision in the ERPC meeting on 12.9.2014, NTPC had submitted an application before NLDC (the nodal agency for PSDF) on 8.10.2014 for release of grant from PSDF for bus splitting at Kahalgaon. The petitioner has also stated that the application for release of grant from PSDF was discussed in the meeting of techno-economic meeting of PSDF on 5.11.2014 where the proposal was agreed to. However, as communicated vide letter dated 11.12.2014, PSDF appraisal committee has decided that the scheme did not qualify for funding from PSDF and accordingly the application for funding through PSDF has been refused. The petitioner has stated that in the petition (Petition No. 283/GT/2014) filed for determination of tariff for the period 2014-19 in respect of this generating station, the petitioner has claimed the projected additional capitalisation of ₹98.94 crore under the head "400 kV Bus Sectionaliser" vide Sl.no.3 of Form 9A under Regulation 14(3) (ii) and 14(3) (ix) of the 2014 Tariff Regulations.

4. During the hearing, the representative of the petitioner while reiterating the above submissions has clarified that it intends to carry out the work of 40 kV Bus splitting as

early as possible to improve reliability of the grid and to minimize the possibility of any catastrophic damage in case of fault in the system, Accordingly, the representative of the petitioner, in view of this urgency, prayed that the Commission in exercise of the “Power to relax” and “Power to remove difficulty” under Regulations 54 and 55 of the 2014 Tariff Regulations respectively may grant in-principle approval to the said work and for capitalization of the associated expenditure for the purpose of tariff for safe and reliable operation of the grid.

5. The learned counsel appearing for the respondents, GRIDCO & BRPL has submitted that the scheme is a developmental work and the funds for the said work can be met from the PSDF. While pointing out that the tariff burden on the beneficiaries may not be increased on this count, the learned counsel suggested that the entire project may be financed from the PSDF with 100% debt and zero interest rate. Accordingly, the learned counsel suggested that the Commission may recommend to the MOP, GOI for utilisation of the PSDF for the said scheme.

6. The submissions have been considered. We now consider as to whether the prayer of the petitioner for in-principle approval for the additional capital expenditure schemes is maintainable. Regulation 7 (3) of the 2014 Tariff Regulations provides that “in case of an existing generating station or transmission system or element thereof, the application shall be made not later than 180 days from the date of notification of the regulations based on admitted capital cost including any additional capital expenditure already admitted upto 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. Accordingly, the petitioner vide its affidavit dated 14.8.2014 has filed the petition (Petition No.283/GT/2014) for determination of tariff of the generating station for

2014-19. The Commission in the tariff regulations applicable during the tariff period 2004-09 had made provisions for 'in-principle' approval of the project capital cost for thermal power generating stations. However, while framing the 2009 Tariff Regulations (applicable for the period 2009-14) and the 2014 Tariff Regulations (applicable for the tariff period 2014-19), the Commission has done away with the provision for 'in principle' approval of the project capital cost applicable to thermal power generating stations. Since the scheme of the 2014 Tariff Regulations do not provide for the grant of in-principle approval, the prayer of the petitioner for grant of in-principle approval for additional capital expenditure of the said scheme is rejected.

7. It is noted that in Petition No. 283/GT/2014, the petitioner has claimed the projected additional capitalisation of ₹98.94 crore in Form-9A for the year 2016-17 under Regulation 14(3)(ii) read with Regulation 14(3)(ix) of the 2014 Tariff Regulations on the grounds similar to those raised in the I.A. The claim of the petitioner for capitalisation of the said work will be considered after prudence check in terms of the provisions of the 2014 Tariff Regulations. Hence, the prayer of the petitioner for grant of in-principle approval of the work on 400kV Bus Sectionalizer is not allowed.

8. The learned counsel for the respondent, BRPL has submitted that the Commission may recommend to the MOP, GOI for financing of the said project from PSDF, in order to reduce the tariff burden on the beneficiaries. The submission of the learned counsel is appreciable. However, it is noticed that the application made by the petitioner for release of funds from PSDF had been rejected by the PSDF appraisal committee on the ground that the scheme did not qualify for the funding from the project. The PSDF appraisal committee having taken a decision in terms of guidelines issued by MOP, GOI, we find no reason to recommend to the MOP, GOI for utilisation of the fund from PSDF for the said

scheme as prayed by learned counsel for respondent, BRPL. Accordingly, the I.A. filed by the petitioner is disposed of in terms of the above.

9. The respondents are directed to file their replies to the petition, if not already filed, on or before 16.2.2015, with advance copy to the petitioner, who shall file its reply by 23.2.2015. The petition shall be listed for hearing on 10.3.2015. Pleadings shall be completed by the parties prior to the date of hearing.

Sd/-
[A.S. Bakshi]
Member

Sd/-
[A.K. Singhal]
Member

Sd/-
[Gireesh B. Pradhan]
Chairperson