

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Review Petition No. 001/RP/2015

In Petition No.79/TT/2012

Coram:

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

Date of Hearing : 17.03.2015

Date of Order : 30.04.2015

In the matter of:

Review Petition under Section 94(1) (f) of the Electricity Act, 2003 read with Regulation 17 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, seeking review of order dated 31.1.2014 in Petition No. 79/TT/2012.

And in the matter of:

Power Grid Corporation of India Limited,
"Saudamini", Plot No. 2,
Sector 29, Gurgaon-122001
Haryana

.....**Petitioner**

Vs

1. Rajasthan Rajya Vidyut Prasaran Nigam Limited,
Vidyut Bhawan, Vidyut Marg,
Jaipur- 302 005
2. Ajmer Vidyut Vitran Nigam Limited,
400 kV GSS Building (Ground Floor),
Ajmer Road, Heerapura, Jaipur
3. Jaipur Vidyut Vitran Nigam Limited,
400 kV GSS Building (Ground Floor),
Ajmer Road, Heerapura, Jaipur



4. Jodhpur Vidyut Vitran Nigam Limited,
400 kV GSS Building (Ground Floor),
Ajmer Road, Heerapura, Jaipur
5. Himachal Pradesh State Electricity Board,
Vidyut Bhawan, Kumar House Complex Building II,
Shimla-171 004
6. Punjab State Electricity Board
The Mall, Patiala-147 001
7. Haryana Power Purchase Centre,
Shakti Bhawan, Sector-6,
Panchkula (Haryana)-134 109
8. Power Development Department,
Govt. of Jammu and Kashmir,
Mini Secretariat, Jammu
9. Uttar Pradesh Power Corporation Limited,
(Formerly Uttar Pradesh State Electricity Board),
Shakti Bhawan, 14, Ashok Marg,
Lucknow-226 001
10. Delhi Transco Limited,
Shakti Sadan, Kotla Road,
New Delhi-110 002
11. BSES Yamuna Power Limited,
BSES Bhawan, Nehru Place,
New Delhi
12. BSES Rajdhani Power Limited,
BSES Bhawan, Nehru Place,
New Delhi
13. North Delhi Power Limited,
Power Trading & Load Dispatch Group,
Cennet Building, Adjacent to 66/11kV Pitampura-3,
Grid Building, Near PP Jewellers,
Pitampura, New Delhi-110 034
14. Chandigarh Administration,
Sector-9, Chandigarh



15. Uttarakhand Power Corporation Limited,
Urja Bhawan, Kanwali Road, Dehradun

16. North Central Railway,
Allahabad

17. New Delhi Municipal Council,
Palika Kendra, Sansad Marg,
New Delhi-110 002

....Respondents

For petitioner : Ms. Suparna Srivastava, Advocate, PGCIL
Ms. Sangeeta Edwards, PGCIL
Shri S.S Raju, PGCIL
Shri M.M Mondal, PGCIL
Shri S.K Venkatesan, PGCIL

For respondent : None

ORDER

This review petition has been filed by Power Grid Corporation of India Limited (PGCIL) seeking review of the order dated 31.1.2014 in Petition No.79/TT/2012, determining the transmission tariff for (a) Asset I: 400 kV Gurgaon-Manesar (Quad) transmission line along with associated bays, (b) Asset II-A: 500 MVA 400/220 kV ICT-I at Manesar along with associated bays and (c) Asset II-B: 500 MVA 400/220 kV ICT-II at Manesar along with associated bays (DOCO: 1.8.2012), associated with Northern Region System Strengthening-XIII (NRSS-XIII) of Northern Region for 2009-14 period.

Brief facts of the case

2. As per Investment Approval (IA) dated 16.2.2009, the assets covered under Petition No. 79/TT/2012 were scheduled to be commissioned within 34 months from the date of IA i.e. by 1.12.2011. Asset-I, Asset-IIA and Asset-IIB were commissioned on



1.9.2012, 1.6.2012 and 1.8.2012 with time over-run of 9 months, 6 months and 8 months respectively. The time over-run of 9 months in case of Asset-I was condoned as the delay occurred due to time taken for forest clearance and resistance by land owners which were beyond the control of the petitioner. Time over-run of 6 months and 8 months in case of Asset-IIA and Asset-IIB respectively was not condoned though the petitioner was given liberty to approach the Commission, in case delay in commissioning of the associated Neemrana-Manesar transmission line in Petition No. 69/TT/2012 is condoned. The relevant extract of the order is as follows:-

“20.the petitioner during the hearing submitted that as Neemrana-Manesar transmission line was not available, it was not possible to charge ICT-I whose commercial operation coincided with the commercial operation of Neemrana-Manesar transmission line. It is noted from the petitioner’s submission in Petition No. 69/TT/2012 that Neemrana-Manesar transmission line was also delayed by six months. The issue of condonation of delay in that case is not yet heard and decided. Therefore, in these proceedings it is not possible to take a view on the late commissioning of this line. Accordingly, the delay in commissioning of Asset-II-A and Asset-II-B is not being condoned. In case delay in commissioning of Neemrana-Manesar transmission line (in Petition No. 69/TT/2012) is condoned, the petitioner is at liberty to approach the Commission for review”

3. The Commission vide order dated 2.12.2014 in Petition No. 69/TT/2012 condoned the delay of six months in the case of 400kV D/C Manesar-Neemrana line along with associated bays. The relevant extract of the said order is as follows:-

“23..... We have considered the submissions of petitioner and the respondents regarding delay in commissioning of the transmission assets. It is observed that in case of Asset-I, approximately 15 months has been taken by forest authority to conduct survey (November, 2009 to February, 2011). Forest clearance took about 13 months from April, 2011 to May, 2012. Thereafter Asset-I was commissioned on 1.6.2012. In case of Asset-III (A) and Asset-III (B), the delay was on account of revenue authorities taking lot of time in handing over land. Consequent commissioning of two ICTs at one site also takes time. We are of the view that the situations are beyond the control of the petitioner. Hence delay of 6 months in case of Asset-I, delay of 4 months in case of Asset-III (A) and delay of one month in case of Asset-III (B) is being condoned....”

4. Since Asset-IIA and Asset-IIB included in the instant petition are associated with 400 kV D/C Manesar-Neemrana transmission line, the review petitioner has filed the present petition for review of the order dated 31.1.2014 in Petition No. 79/TT/2012 in the light of the decision with regard to time over-run in order dated 2.12.2014 in Petition No. 69/TT/2012.

Grounds for Review

5. The review petitioner has submitted the following reasons for the delay in commissioning of ICTs at Manesar:-

(a) Delay due to land acquisition: The petitioner approached HUDA for land acquisition under urgency clause on 4.3.2009. Notifications for acquisition of land under Sections 4 and 6 of the Land Acquisition Act, 1894 were issued on 20.11.2009 and 2.2.2010 respectively. The land owners of affected villages filed the Civil Writ Petition in the High Court of Haryana and Punjab against the said notifications. The Hon'ble High Court decided the Writ Petition in the favour of the petitioner on 29.6.2010. Thereafter, the petitioner got possession of the land on 23.8.2010. This resulted in gap of 9 months from the schedule of November, 2009 as per L2 network.

(b) Delay in commissioning of ICTs: As the charging of Asset-IIA was dependant on commissioning of Neemrana-Manesar transmission line, the delay of 6 months in commissioning of Asset-IIA occurred due to delay in commissioning of Neemrana-Manesar transmission line covered in Petition No. 69/TT/2012.



(c) Simultaneous commissioning of ICTs: Generally the production cycle in a month at the manufacturing units is limited and it is dispatched in accordance with production cycle. The transportation and receipt at site are also linked with this production cycle. Simultaneous commissioning of more than one ICT at a single location would also depend upon availability of skilled commissioning experts at site. In addition to this, more than one set of T&P and manpower for such activities would lead to an extra cost burden on the beneficiaries. Therefore, 500 MVA ICT-II at Manesar (Asset-IIB) was commissioned on 1.8.2012 i.e. after two months of commissioning of 1st ICT. The delay is beyond the control and the same may be condoned.

The review petitioner has submitted that since the delay in commissioning of the 400 kV D/C Manesar-Neemrana line was condoned for the same reasons as stated above, the delay in commissioning of Asset-IIA and Asset-IIB should be condoned.

6. The review petition was admitted vide order 19.2.2015 and the respondents were directed to file their replies. In response, BRPL (Respondent No.5) has filed its reply vide affidavit dated 17.3.2015. The submissions of BRPL broadly cover the following points:-

(a) The petitioner has attributed the time over-run to the delay in possession of the land for Manesar Sub-station. The delay in land acquisition is entirely on account of lack of follow up with the Government Agencies by the petitioner although the request for acquisition of land was made under the urgency



clause. When a request for land acquisition is made on urgent basis, it needs a strong follow up, but in this case it was left to be decided in its normal course by the petitioner. Thus, the petitioner is solely responsible for the delay in the acquisition of land for more than 3 months and the ground of court case is only an excuse; and

b. In the absence of any specific provisions in the 2009 Tariff Regulations regarding time over-run, the issue of time over-run should be decided on the basis of the principles laid down by Hon'ble Appellate Tribunal for Electricity in its judgment dated 27.4.2011 in Appeal No. 72 of 2010. The petitioner is responsible for making land available to the contractor and as the petitioner has failed to do so, the entire cost of time over-run including the IDC and the IEDC during the period of time over-run in respect of the asset is required to be borne by the petitioner.

7. We have considered the reply of BRPL and the submissions of the review petitioner and have perused the material on record.

8. The 400 kV D/C Manesar-Neemrana line (covered in Petition No.69/TT/2012) was commissioned on 1.6.2012 after a time over-run of six months. By order dated 2.12.2014 in Petition 69/TT/2012, the Commission had condoned the delay in commissioning of 400 kV D/C Manesar-Neemrana line on the ground that the delay in getting forest clearance was not attributable to the petitioner. ICT-I and ICT-II at Manesar which are designated as Asset-IIA and Asset-IIB in Petition No. 79/TT/2012 are linked to 400 kV D/C Manesar-Neemrana transmission line. The Commission in the



impugned order observed that the ICT-I and ICT-II at Manesar (Asset-IIA and Asset-IIB) cannot be charged without the commissioning of 400 kV Neemrana-Manesar Transmission Line and as the tariff of the said line was subject matter of consideration in Petition No.69/TT/2012, the petitioner was granted liberty to approach the Commission for review after the decision in Petition No. 69/TT/2012. Since, the time over-run in case of the said transmission line has already been condoned and the ICT-I and ICT-II at Manesar (Asset-IIA and Asset-IIB) could not have been commissioned without the commissioning of the transmission line, the time over-run in respect of ICT-I and ICT-II for a period of 6 months is condoned. As regards the review petitioner's prayer for condonation of two additional months for commissioning of ICT-II after commissioning of ICT-I at Manesar, the review petitioner was aware at the time of finalizing the schedule of commissioning and placing the order for ICTs about the requirement and availability of skilled commissioning experts and accordingly, the review petitioner should have planned the commissioning of the ICTs. Moreover, as per Form-5C, submitted by the review petitioner in Petition No. 79/TT/2012, the completion schedule for both ICTs has been shown 28.7.2011. Therefore, the petitioner had originally planned to commission both assets simultaneously. The petitioner should have requisitioned sufficient skilled commissioning experts as per the pre-fixed schedule. The fact that two months delay has taken place in commissioning of ICT-II shows that the petitioner has not taken due care while executing the installation of the ICTs. The petitioner's contention that simultaneous commissioning of the ICTs would have led to extra burden on the beneficiaries appears to be an afterthought since both ICTs were planned to be commissioned on the same day. Further, by timely or early



commissioning, the beneficiaries would have benefited by way of availability of power supply and improved reliability of the system. Accordingly, additional delay of two months in commissioning of ICT-II at Manesar, Asset-IIB, is not condoned.

9. In the light of the above discussions, IDC and IEDC for a period of six months from December, 2011 to May, 2012 in case of Asset-IIA and Asset-IIB are allowed and the IDC and IEDC for two months in case of Asset-IIB (i.e. June and July, 2012) are disallowed.

10. In the order dated 31.1.2014 in Petition No. 79/TT/2012, the IDC and IEDC in respect of Asset-IIB were disallowed and they are as follows:-

(₹ in lakh)

Details of IDC and IEDC as per Management Certificate dated 25.9.2012		
	IEDC	IDC
Upto March 2012	62.09	178.91
April to July 2012	3.34	72.35
Total IDC and IEDC claimed	65.43	251.26
Details of IDC and IEDC for disallowed delay of two months		
From June to July 2012 (for two months)*	1.67	36.18
Total disallowed IDC and IEDC (for two months)	1.67	36.18

* IDC and IEDC for two months i.e. June 2012 to July 2012 in case of Asset IIB has been calculated on pro-rata basis from the IDC and IEDC claimed from April to July 2012.

11. In view of our decision to allow condonation of delay by six months for Asset-IIA and Asset-IIB, the capital cost shall be increased on account of IDC and IEDC. This will have impact on the initial spares which is allowed as a percentage of capital cost. The review petitioner had claimed in the original petition an expenditure of ₹220.71 lakh towards each initial spares for Asset-IIA and Asset-IIB. The review petitioner's claim for



initial spares exceeds the ceiling limit of 3.5% specified under Regulation 8 of 2009 Tariff regulations by ₹24.50 lakh and ₹22.36 lakh for Asset-IIA and Asset-IIB respectively. Accordingly, the revised details of admissible initial spares are as under:-

(₹ in lakh)		
Particulars	Asset-IIA	Asset-IIB
Cost as on cut-off date (A)	5630.37	5685.39
Disallowed IDC & IEDC(B)	-	37.85
Capital cost after disallowed IDC/IEDC (C) = (A)-(B)	5630.37	5647.55
Initial spares claimed (D)	220.71	220.71
Proportionate Initial spares claimed (E) = (D)*(C)/(A)	220.71	219.24
Ceiling limit as per clause 8 of 2009 Tariff Regulations (F)	3.5%	
Allowable Initial spares (G) = [(D)-(E)]*(F)/[(100%-(F))]	196.21	196.88
Excess claim of Initial spares (H)=(G)-(E)	24.50	22.36

Revision in Annual Transmission Charges

12. In view of the above, the annual transmission charges allowed vide order dated 31.1.2014 in Petition No.79/TT/2012 from the date of commercial operation to 31.3.2014 in case of Asset- IIA and IIB have been revised. However, the transmission charges for Asset-I allowed in our order dated 31.1.2014 remain unchanged.

Capital Cost

13. The capital cost claimed and considered for the purpose of calculating the transmission tariff after deducting excess initial spares claimed and disallowed IDC and IEDC is detailed below:-

(₹ in lakh)		
Particulars	Asset-IIA	Asset-IIB
Capital cost as on COD claimed	5163.72	5230.76
Less: Excess Initial Spares claimed	24.50	22.36
Less: IDC & IEDC disallowed	-	37.85
Capital cost considered for the purpose of tariff calculation	5139.22	5170.56

Projected Additional Capital Expenditure

14. The petitioner's claim for projected additional capital expenditure is given as under:-

(₹ in lakh)

Particulars	Asset-IIA	Asset-IIB
	2012-13	2012-13
Building & Other Civil Works	246.55	238.83
Transmission Line	-	-
Sub-Station Equipments	220.10	215.80
PLCC	-	-
Total	466.65	454.63

Debt- Equity Ratio

15. The revised details of opening debt-equity ratio of assets after deducting excess initial spares claim and disallowed IDC and IEDC, considered for the purpose of tariff calculation is as follows:-

(₹ in lakh)

Capital Cost as on COD				
	Asset-IIA	% age	Asset-IIB	% age
Debt	3597.45	70.00	3619.39	70.00
Equity	1541.76	30.00	1551.17	30.00
Total	5139.21	100.00	5170.56	100.00

16. The revised debt: equity ratio for projected additional capital expenditure considered is as follows:-

(₹ in lakh)

	Asset-IIA	% age	Asset-IIB	% age
	Normative		Normative	
Debt	326.66	70.00	318.24	70.00
Equity	140.00	30.00	136.39	30.00
Total	466.65	100.00	454.63	100.00

17. The revised debt-equity ratio as on 31.3.2014 is as follows:-

(₹ in lakh)

Capital Cost as on 31.3.2014				
	Asset-IIA	% age	Asset-IIB	% age
Debt	3924.11	70.00	3937.63	70.00
Equity	1681.76	30.00	1687.56	30.00
Total	5605.87	100.00	5625.19	100.00

Return on Equity (RoE)

18. The revised RoE calculated is as under:-

(₹ in lakh)

Particulars	Asset-IIA		Asset-IIB	
	2012-13 (pro-rata)	2013-14	2012-13 (pro-rata)	2013-14
Opening Equity	1541.76	1681.76	1551.17	1687.56
Addition due to Additional Capitalisation	140.00	-	136.39	-
Closing Equity	1681.76	1681.76	1687.56	1687.56
Average Equity	1611.76	1681.76	1619.36	1687.56
Return on Equity (Base Rate)	15.50%	15.50%	15.50%	15.50%
Tax rate for the year 2008-09 (MAT)	11.33%	11.33%	11.33%	11.33%
Rate of Return on Equity (Pre-Tax)	17.481%	17.481%	17.481%	17.481%
Return on Equity (Pre-Tax)	234.79	293.99	188.72	295.00

Interest on Loan

19. The review petitioner has considered "Proposed Loan 2012-13" @ 9.30% in actual loan portfolio (in case of all the assets covered in the Petition No. 79/TT/2012) for the purpose of determination of weighted average rate of interest to be considered for the computation of interest on normative loan. As per Regulation 16 (5) of the 2009 Tariff Regulations the rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio. Accordingly, only actual loans drawn have been considered for the computation of weighted average rate of interest.



20. In view of above, the interest on normative loan has been considered as under:-

(₹ in lakh)

Particulars	Asset-IIA		Asset-IIB	
	2012-13 (pro-rata)	2013-14	2012-13 (pro-rata)	2013-14
Gross loan opening	3527.49	3854.14	3574.84	3893.08
Cumulative Repayment upto previous year	-	206.80	-	167.49
Net Loan-Opening	3527.49	3647.35	3574.84	3725.59
Additions during the year	326.66	-	318.24	-
Repayment during the year	206.80	258.08	167.49	260.92
Net Loan-Closing	3647.35	3389.26	3725.59	3464.67
Average Loan	3587.42	3518.30	3650.21	3595.13
Rate of Interest	9.2751%	9.2753%	9.2310%	9.2312%
Interest	277.28	326.33	224.63	331.87

Depreciation

21. In view of revised capital cost and projected additional capital expenditure, the revised admissible depreciation is as given under:-

(₹ in lakh)

Particulars	Asset-IIA		Asset-IIB	
	2012-13 (pro-rata)	2013-14	2012-13 (pro-rata)	2013-14
Opening Gross Block	5139.22	5605.87	5170.56	5625.19
Addition during 2009-14 due to Projected Additional Capitalization	466.65	-	454.63	-
Closing Gross Block	5605.87	5605.87	5625.19	5625.19
Average Gross Block	5372.54	5605.87	5397.87	5625.19
Rate of Depreciation	4.7150%	4.6959%	4.7151%	4.6968%
Depreciable Value	4452.48	4662.47	4475.28	4679.86
Remaining Depreciable Value	4452.48	4451.38	4475.28	4510.18
Depreciation	211.10	263.24	169.68	264.20

Operation & Maintenance Expenses (O & M Expenses)

22. There is no change in O&M Expenses allowed in order dated 31.1.2014.



Interest on Working Capital (IWC)

23. The revised IWC for Asset-IIA and IIB is as given under:-

(₹ in lakh)

Particulars	Asset-IIA		Asset-IIB	
	2012-13 (pro-rata)	2013-14	2012-13 (pro-rata)	2013-14
Maintenance Spares	41.79	44.18	41.79	44.18
O & M Expenses	23.22	24.55	23.22	24.55
Receivables	198.04	203.45	198.80	204.38
Total	263.05	272.18	263.81	273.11
Rate of Interest	13.50	13.50	13.50	13.50
Interest	29.59	36.74	23.74	36.87

Annual Fixed Charges (AFC)

24. The revised AFC in case of Asset-IIA and Asset-IIB is given hereunder:-

(₹ in lakh)

Particulars	Asset-IIA		Asset-IIB	
	2012-13 (pro-rata)	2013-14	2012-13 (pro-rata)	2013-14
Depreciation	211.10	263.24	169.68	264.20
Interest on Loan	282.52	332.18	227.31	335.63
Return on Equity	234.79	293.99	188.72	295.00
Interest on Working Capital	29.59	36.74	23.74	36.87
O & M Expenses	232.18	294.56	185.75	294.56
Total	990.18	1220.72	795.20	1226.27

25. The Review Petition No.1/RP/2015 is disposed of in terms of the above. Except for the above, all other terms contained in order dated 31.1.2014 in Petition No. 79/TT/2012 remain unchanged.

sd/-
(A.S. Bakshi)
Member

sd/-
(A.K. Singhal)
Member

sd/-
(Gireesh B. Pradhan)
Chairperson

