

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 515/TT/2014

Subject : Truing up transmission tariff for 2013-14 tariff block and determination of transmission tariff for 2014-19 tariff block for 400 kV Double Circuit Muzaffarpur-Gorakhpur Transmission Line in Eastern-Northern region.

Date of Hearing : 20.9.2016

Coram : Shri Gireesh B. Pradhan, Chairperson
Shri A. K. Singhal, Member
Shri A.S. Bakshi, Member
Dr. M. K. Iyer, Member

Petitioner : Powerlinks Transmission Limited

Respondents : Rajasthan Rajya Vidyut Prasaran Nigam Limited and 17 others

Parties present : Shri Amit Kapoor, Advocate, PTL
Shri Janmau. M, Advocate, PTL
Ms. Nita Jha, Advocate, PTL
Shri Dilip Kumar, PTL
Shri Gajender Bhandari, PTL
Shri R.B. Sharma, Advocate, BRPL

Record of Proceedings

Learned counsel for the petitioner made the following submissions:-

a. The instant petition has been filed for truing up of tariff of 2013-14 and determination of tariff for 2014-19 tariff block for 400 kV Double Circuit Muzaffarpur-Gorakhpur Transmission Line in Eastern-Northern Inter-region associated with Tala Hydro Electric Project, East-North Inter-Connector and Northern Region;



b. Tariff for the instant assets for the 2009-14 period was allowed vide order dated 18.8.2010 in Petition No.286/2009;

c. The petitioner did not project any additional capital expenditure in Petition No. 286/2009 for the tariff period 2009-14. However, there was revision in the capital expenditure on account of capitalisation of consultancy fees paid to PGCIL and the same may be allowed;

d. Additional O&M Expenses arising on account of pay revision for 2013-14 over and above the Normative O&M Expenses may be allowed under Regulation 44 of 2009 Tariff Regulations, i.e. 'Power to Relax';

e. Transmission Majoration Factor (TMF) for 2013-14 is claimed on the basis of order dated 1.7.2004 in the Petition No. 51/2004 and for 2014-19 is claimed on the basis of order dated 1.7.2004 in Petition No. 51/2004. 'Incentive' based on the actual availability during 2013-14 on Annual Fixed Charges may be allowed. 'Incentive' based on actual/projected availability for 2014-19 may be allowed;

f. Capitalization of penal amount to be paid towards sales tax was disallowed in order dated 6.5.2016 in Petition No. 18/TT/2014 accordingly the same is not being claimed in the instant petition;

g. The forest department while allotting land to the petitioner, directed to provide equivalent amount of land and compensation for plantation and protection of 869 trees. The contingent liability of ₹80 lakh in this regard is claimed for capitalization; and

h. The present ERP system is outdated and therefore for better management of the business, a robust ERP system namely, SAP costing ₹110.13 lakh is envisaged and the apportioned cost to the instant assets works out to ₹24.56 lakh The aforesaid capital expenditure is claimed under Regulation 14(3)(ix) of 2014 Tariff Regulations.

2. Learned counsel for BRPL, Respondent No. 15, submitted as follows:-

a. The consultancy charges cannot be included in the additional capital expenditure as the same is paid to petitioner's own partner i.e. PGCIL and the 'Power to Relax' under Regulation 44 of 2009 Tariff Regulations can be invoked for technical and procedural consideration and not for commercial and financial considerations. Hence, unreasonable demand of the petitioner for additional capital expenditure may not be allowed;



b. As regards SAP implementation, the petitioner has not clarified as to how it intends to share the benefits of the SAP implementation with the beneficiaries. In the event of non-sharing of the benefits, the petitioner may implement SAP at its own cost;

c. The asset is commissioned in 2016 and hence it is not eligible for TMF; and

d. Additional O&M Expenses on account of wage revision of employees has already been covered by rationalizing the O&M Expenses by 50% increase for increase in employee cost and any further increase thereto must be take matched with improvement in productivity levels by the petitioner so that beneficiaries are not unduly burdened over and above the provisions in the tariff regulations.

3. In response, learned counsel for the petitioner submitted that the TMF charges are provisioned for the entire life of the transmission project of a new investor entering the transmission sector through IPTC/JV routes and as such it is substantive right of petitioner to claim TMF in the instant case. Learned counsel submitted that the petitioner is eligible for consultancy fee under Regulation 9(2)(viii) and the same was allowed by the Commission vide order dated 6.5.2016 in Petition No. 18/TT/2014. Learned counsel submitted that the Regulations provide for SAP implementation. He also submitted that rejoinder to BRPL's reply will be filed.

4. The Commission directed the petitioner to submit the following information on affidavit, with an advance copy to the respondents, by 7.10.2016.

a. In page no. 8 of the petition, it has been indicated that the additional capitalization of ₹24.56 lakh includes normative IDC. On the contrary, the in page no.49 of the petition, it has been indicated that the same amount of additional capitalization excludes IDC. Clarify the same and submit Auditor's Certificate for additional capitalization showing segregated value of normative IDC and original expenditure for the asset.

b. Whether any actual loan has been deployed for additional capitalization during 2014-19. If yes, details of loan i.e. name, amount and date of drawl, rate of interest with their supporting documents and repayment schedule of the loan deployed.

c. Whether any dividend has been paid by the petitioner to its shareholders? If so, what is the % or amount?



5. The Commission directed the respondents to file their replies by 17.10.2016 with an advance copy to the petitioner who shall file its rejoinder, if any, by 21.10.2016, failing which the matter would be decided on the basis of the information already available on record.

6. Subject to the above, order in the petition was reserved.

By order of the Commission

Sd/-
(T. Rout)
Chief (Law)

