

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Review Petition No. 12/RP/2016

in

Petition No. 37/TT/2014

Coram:

Shri Gireesh B. Pradhan, Chairperson

Shri A.K. Singhal, Member

Shri A.S. Bakshi, Member

Dr. M.K. Iyer, Member

Date of Hearing :14.6.2016

Date of Order :17.8.2016

In the matter of:

Review of Commission's order dated 22.1.2016 in Petition No. 37/TT/2014 under section 94(1)(f) of Electricity Act, 2003 read with Regulation 103 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999.

And in the matter of:

Power Grid Corporation of India Limited

"Saudamini", Plot No.2,
Sector-29, Gurgaon -122 001

.....Petitioner

Vs

1. Karnataka Power Transmission Corporation Ltd. (KPTCL),
Kaveri Bhawan, Bangalore-560 009
2. Transmission Corporation of Andhra Pradesh Ltd. (APTRANSCO),
Vidyut Soudha, Hyderabad-500 082.
3. Kerala State Electricity Board (KSEB),
Vaidyuthi Bhavanam,
Pattom, Thiruvananthapuram-695 004.



4. Tamil Nadu Electricity Board (TNEB)
NPKRR Maaligai, 800, Anna Salai,
Chennai-600 002.
5. Electricity Department,
Government of Goa
Vidyuti Bhawan, Panji
Goa 403001
6. Electricity Department,
Government of Pondicherry,
Pondicherry-605 001.
7. Eastern Power Distribution Company of
Andhra Pradesh Ltd. (APEPDCL),
APEPDCL, P&T Colony,
Seethmmadhara, Vishakhapatnam,
Andhra Pradesh.
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, Andhra Pradesh
10. Northern Power Distribution Company of
Andhra Pradesh Ltd. (APNPDCL),
Opp. NIT Petrol Pump,
Chaitanyapuri, Kazipet,
Warangal-506 004, Andhra Pradesh
11. Bangalore Electricity Supply Company Ltd.
(BESCOM), Corporate Office, K. R. Circle,
Bangalore-560 001.
12. Gulbarga Electricity Supply Company Ltd. (GESCOM),
Station Main Road, Gulbarga, Karnataka.
13. Hubli Electricity Supply Company Ltd. (HESCOM),
Navanagar, PB Road,



Hubli, Karnataka.

14. MESCOM Corporate Office,
Paradigm Plaza, AB Shetty Circle,
Mangalore-575 001.

15. Chamundeswari Electricity Supply Corporation Ltd.
(CESC),# 927, L J Avenue, Ground Floor,
New Kantharaj Urs Road, Saraswatipuram,
Mysore-570 009, Karnataka

.....Respondents

For petitioner : Ms. Swapna Seshadri, PGCIL
Shri Rakesh Prasad, PGCIL
Shri Jasbir Singh, PGCIL

For respondents : None

Order

The instant review petition has been filed by Power Grid Corporation of India (PGCIL), under section 94(1)(f) of Electricity Act, 2003 read with Regulation 103 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 seeking review of order dated 22.1.2016 in Petition No 37/TT/2014.

2. The petitioner has claimed transmission tariff for the period 2009-14 in respect of (a) Kurnool-Raichur 2nd 765 kV S/C line and extension of Kurnool 765/400 kV and Raichur 765/400 kV Sub-stations and (b) 1500MVA, 765/400 kV ICT # 2 and 240 MVAR reactor alongwith the associated bays at 765/400 kV Nellore PS and (c) MVA, 765/400 kV ICT #3 and 240 MVAR bus reactor along with the associated bays at 765/400 kV Nellore PS. These assets formed part of "Common system associated with ISGS



projects in Krishnapatnam area of Andhra Pradesh in Southern Region" (hereinafter refer to as the "Scheme"). Some of the assets covered in the scheme were commissioned in 2009-14 tariff period and some in 2014-19 tariff period. The other assets covered in the Scheme were included in Petition Nos. 224/TT/2013, 245/TT/2014, 417/TT/2014 and 161/TT/2015.

3. Petition No. 37/TT/ 2014 was filed on the basis of anticipated date of commercial operation. However, Asset (a) was commissioned on 1.6.2014, during the 2014-19 tariff period. Accordingly, the petitioner filed a fresh petition for tariff determination for Asset (a) under the 2014 Tariff Regulations. Assets (b) and (c) were commissioned on 1.2.2014 and 1.3.2014 respectively, during the 2009-14 tariff period. Accordingly, tariff for Asses (b) and (c) (hereinafter referred to as "Assets-1 and 2") was determined in order dated 22.1.2016 in Petition No. 37/TT/2014. The petitioner's payer for grant of additional RoE of 0.5% for the instant assets was not allowed. The petitioner has filed the instant review petition seeking review of order dated 22.1.2016 in Petition No. 37/TT/2014 on the aspect of disallowance of additional RoE 0.5%. The relevant portion of the impugned order dated with respect to additional RoE is extracted hereunder:-

"In the instant case, some of the assets covered in the project were commissioned during 2009-14 tariff period and some of the assets were commissioned during 2014-19 tariff period. As per the 2009-14 Tariff Regulations, additional return on equity is to be allowed only if all the elements of the project are commissioned within the timeline specified and as per the 2014-19 Tariff Regulations it could be allowed if any element of the transmission project is completed within the timeline specified and it is certified by the RPC/NRPC that commissioning of a particular element is beneficial for the system operation. It is observed from the above table that the assets covered in Petition No. 245/TT/2014 have been commissioned on 1.11.2014 i.e. after the specified timeline in the 2014 Tariff Regulations. The assets commissioned during the 2009-14 tariff period were commissioned within the timeline specified in the said regulations. However, the asset covered in Petition No. 245/TT/2014 has not been commissioned within the



timeline specified in the 2014 Tariff regulations. Since all the elements of the scheme have not been commissioned within the timeline specified in the applicable Tariff Regulations, the scheme do not qualify for grant of additional RoE. Accordingly, we hold that no additional RoE shall be allowed in case of any of the assets covered under the scheme”.

4. The review petitioner has submitted that the assets covered in Petition No.37/TT/2014 commissioned during 2009-14 tariff period were commissioned within the timeline specified in the 2009 Tariff Regulations and are eligible for grant of additional RoE of 0.5%. However, the additional RoE of 0.5% was not allowed as one of the assets covered in the Scheme, i.e. Nellore Pooling Station - Kurnool 765 kV D/C line and bays and the 240 MVAR 765 kV line reactor at Nellore end of one circuit and at Kurnool end both circuits of Nellore-Kurnool 765 kV, commissioned during 2014-19 tariff period and covered in Petition No.245/TT/2014, was not commissioned with the timeline specified in the 2014 Tariff Regulations. The review petitioner has submitted that the said asset was allowed tariff vide order dated 29.2.2016 and additional ROE of 0.50% for the said asset was allowed as it was commissioned within the period of 40 months specified in the 2014 Tariff Regulations. The review petitioner has further submitted that all the assets covered in the Scheme were commissioned within the timeline specified in the applicable Tariff Regulations and thus are eligible for additional RoE. Disallowance of additional RoE of 0.5% for the instant assets is an error apparent on record and prayed for review of the impugned order and grant additional RoE of 0.5% for the instant assets.

5. The review petition was admitted on 5.4.2016 and the review petitioner was directed to serve the copy of the review petition along with the order on the respondents



by 18.4.2016. The respondents were given time to file their replies by 2.5.2016, with copy to the PGCIL. However, none of the respondents have filed their reply.

Analysis and decision

6. We have heard the learned counsel for the review petitioner and perused the documents on record.

7. The scheme consists of the following elements and have been commissioned with effect from the date mentioned against each:-

Sr. No.	Name of the asset	COD	Time taken for completion of project	Timeline specified in the official Regulations
1.	LILO of both circuits of SEPL/MEPL Nellore 400 kV D/C (quad) line at Nellore Pooling Station	1.4.2013	19 months	38 months
2.	LILO of both circuits of SEPL/MEPL Nellore 400 kV D/C (quad) line at Nellore Pooling Station	1.4.2013	19 months	38 months
3.	Nellore Pooling Station – Kurnool 765 kV D/C line	1.11.2014	38 months	40 months
4.	Kurnool – Raichur 2 nd 765 kV S/C line	21.6.2014	34 months 17 days	36 months
5.	1500 MVA, 765/400 kV ICT #2 and 240 MVAR reactor along with the associated bays at 765/400 kV Nellore PS	1.2.2014	29 months	30 months
6.	1500 MVA, 765/400 kV ICT #3 and 240 MVAR reactor along with the associated bays at 765/400 kV Nellore PS	1.3.2014	30 months	



8. The timeline for allowing RoE is being determined with reference to the regulation applicable for the period when the asset is commissioned. It may be seen that the assets of the scheme were commissioned within the timeline provided in the respective Tariff Regulations applicable to the assets based on the date of commercial operation.

9. The assets for which review has been sought i.e. 1500 MVA, 765/400 kV ICT #2 and 240 MVAR reactor along with the associated bays at 765/400 kV Nellore PS and 1500 MVA, 765/400 kV ICT #3 and 240 MVAR reactor along with the associated bays at 765/400 kV Nellore PS were commissioned on 1.2.2014 and 1.3.2014 respectively which falls in the 2009-14 period and the timeline for completion of the said assets is 30 months from the date of Investment Approval. However, while granting tariff, additional RoE for the assets was not allowed on the ground that another asset of the Scheme i.e. Nellore Pooling Station-Kurnool 765 kV D/C line in Petition No. 245/TT/2014 was commissioned within the timeline specified in the applicable Tariff Regulations. The tariff Petition No. 245/TT/2014 was disposed vide order dated 29.2.2016 after disposal of Petition No. 37/TT/2014 vide order dated 22.1.2016. In order dated 29.2.2016 in Petition No. 245/TT/2014, the Commission came to the conclusion that the asset was commissioned within the timeline and is eligible for additional RoE. The relevant portion of the order is extracted hereunder:-

"Additional Return on Equity"

37. We have considered the submissions made by the petitioner. The instant asset has been commissioned within the timeline of 40 months specified in Regulation 24(2) of 2014 Tariff Regulations and hence additional RoE of 0.5% is allowed."



10. After issue of the order dated 29.2.2016 in Petition No. 245/TT/2014, all assets covered under the scheme have been commissioned within the timeline provided in the applicable Tariff Regulations and are eligible for additional RoE. Since the premise on the basis of which additional RoE was denied for the instant asset is no more valid and other assets have been found to have achieved the COD within the timeline, denial of additional RoE for the instant asset is mistake apparent on the face of record which needs to be rectified. Accordingly, in exercise of the power of review under Section 94 of the Electricity Act, 2003 read with Regulation 103 of the Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, we modify last three sections of para 39 of the order dated 22.1.2016 as under:-

“However, the asset covered in Petition No. 245/TT/2014 has been commissioned within the timeline specified in the 2014 Tariff Regulations. Since all the elements of the Scheme have been commissioned within the timeline specified in the applicable Tariff Regulations, the Scheme qualify for grant of additional RoE. Accordingly, we hold that additional RoE shall be allowed in case of all of the assets covered under the Scheme including the instant assets.”

11. The consequential effects for allowing the additional RoE necessitate appropriate amendment of para 40, 54 and 55 of the order dated 22.1.2016. Accordingly, these paras have been modified as under:-

"40. The details of return on equity calculated are as given under:-

Particulars	(₹ in lakh)	
	Asset-1 2013-14 (Pro-rata)	Asset -2 2013-14 (Pro-rata)
Opening Equity	2404.55	1909.07
Addition due to Additional Capitalisation	61.27	50.93
Closing Equity	2465.82	1960.00
Average Equity	2435.19	1934.54



Return on Equity (Base Rate)	16.00%	16.00%
MAT rate for the year 2013-14	20.961%	20.961%
Rate of Return on Equity (Pre Tax)	20.243%	20.243%
Return on Equity (Pre Tax)	82.16	32.63

54. Necessary computations in support of interest on working capital are as follows:-

(₹ in lakh)

Particulars	Asset-1	Asset -2
	2013-14 (Pro-rata)	2013-14 (Pro-rata)
Maintenance Spares	37.31	37.31
O & M expenses	20.73	20.73
Receivables	272.82	223.69
Total	330.87	281.74
Interest on Working Capital	7.28	3.10

55. The transmission charges being allowed for the transmission assets are as under:-

(₹ in lakh)

Particulars	Asset-1	Asset -2
	2013-14 (Pro-rata)	2013-14 (Pro-rata)
Depreciation	69.46	27.27
Interest on Loan	72.46	28.11
Return on Equity	82.16	32.63
Interest on Working Capital	7.28	3.10
O & M Expenses	41.46	20.73
Total	272.82	111.85

”



12. Petition No. 12/RP/2016 is disposed of in terms of the above. All other terms contained in order dated 22.1.2016 in Petition No. 37/TT/2014 remain unaltered.

Sd/-
(Dr. M.K. Iyer)
Member

Sd/-
(A.S. Bakshi)
Member

Sd/-
(A.K. Singhal)
Member

Sd/-
(Gireesh B. Pradhan)
Chairperson

