

CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Petition No. 277/TT/2018

- Subject** : Petition for determination of transmission tariff from anticipated COD to 31.3.2019 for Asset I: Shifting of 1x315 MVA, 400/220 kV ICT from any suitable location (after replacement by 1x500 MVA ICT) and install it at Jamshedpur 400/220 kV Sub-station as 3rd ICT along with associated bays, Asset- II: Modification of 132 kV Bus arrangement with GIS bays at 220/132 kV Purnea Sub-station, Asset-III: Spare 1 no unit of 765 kV,110 MVAR Single Phase Reactor stationed at Sasaram, Asset-IV: 3rd 500 MVA, 400/220 kV ICT at Patna (Powergrid) Sub-station along with associated bay Asset-V: 01 No. 500 MVA Single phase spare unit of 765/400 kV ICT at Angul Sub-station Asset-VI: 01 No. 500 MVA Single phase spare unit of 765/400 kV ICT at Sundergrah Substation under Eastern Region Strengthening Scheme XII in Eastern Region.
- Date of Hearing** : 11.7.2019
- Coram** : Shri P.K. Pujari, Chairperson
Dr. M. K. Iyer, Member
Shri I.S Jha, Member
- Petitioner** : Power Grid Corporation of India Limited (PGCIL)
- Respondents** : Bihar State Power (holding) Company Ltd. (BSP(H)CL) & 5 Ors.
- Parties present** : Shri R.B. Sharma, Advocate, BSP(H)CL
Shri Mohit Mudgal, Advocate, BSP(H)CL
Shri S.S. Raju, PGCIL
Shri A.K. Verma, PGCIL
Shri Amit Yadav, PGCIL

Record of Proceedings

The representative of the petitioner submitted that the instant petition has been filed for determination of tariff from COD to 31.3.2019 in respect of six assets which are part of Eastern Region Strengthening Scheme XII in Eastern Region. He further submitted that provisional tariff in respect of the assets covered in the present petition was issued on 3.5.2019. The scheduled COD of the subject assets was



13.11.2016 against which Assets-I, II, III, IV, V and VI were put into commercial operation on 16.12.2017, 12.3.2018, 28.3.2018, 14.2.2018, 25.9.2017 and 30.9.2018 respectively. There is time over-run of 13 to 23 months except for Asset-IV. The time over-run in case of subject assets is due to non-receipt of shutdown permissions, transportation issues and delay in manufacturing and supply of the transformer. He further submitted that Asset IV-3rd 500 MVA ICT at Patna Sub-station was included in the scope of project pursuant to 19th SCM of ER dated 1.9.2017 and 36th ERPC meeting held on 14.9.2017 and request from BSPTCL and on the direction of MoP vide letter dated 10.1.2018. The petitioner vide affidavit dated 5.4.2019 has also submitted RCE-II. There is cost over-run in case of the instant assets except for Asset-IV. He further submitted that all the information required for tariff determination of the assets has been submitted and prayed that delay may be condoned and tariff may be allowed.

2. Learned counsel for BSP(H)CL submitted that from the petition it appears that Asset-VI has not been put into commercial operation and the petitioner should submit the exact date of its commercial operation. He also submitted that the Asset-IV was not part of the scope of work as per the Investment Approval. He submitted that Assets-III, V and VI are in the category of 'Spares' and are not in use and as such the assets which are not in use should be excluded from the capital cost in accordance with Regulation 9(6)(a) of the 2014 Tariff Regulations. He further submitted that these assets are only beneficial to the petitioner in maintaining the transmission availability in terms of Regulation 38(1) of the 2014 Tariff Regulations. He submitted that tariff for these assets should not be loaded on the beneficiaries as the same is ultimately passed on to the consumers which are in violation of Section 61(d) of the Electricity Act, 2003. Referring to the judgment of Appellate Tribunal for Electricity dated 8.5.2014 in Appeal No. 173 of 2013 and 1.5.2015 in Appeal No. 97 of 2013, he submitted that capitalization of spares be disallowed. He submitted that the justification given by the petitioner for cost over-run is generic and is not specific. The RCE filed by the petitioner states that it has been approved by the Competent Authority but it is not clear as to who is the Competent Authority. He prayed that time over-run and cost over-run in the present case should not be allowed. He also made submissions on the TSA, non-submission of Auditor's certificate with respect to Asset-IV, Additional Capital Expenditure, accrual IDC and tax holidays and prayed that tariff in this petition may not be approved.

3. In response, the representative of the petitioner submitted that Asset-IV was not there in the original Investment Approval and the same was discussed and agreed in the 19th SCM of ER dated 1.9.2017 and 36th ERPC meeting held on 14.9.2017 and accordingly it is included in the RCE-II filed vide affidavit dated 5.4.2019. He further submitted that the petitioner vide affidavit dated 7.3.2019 has furnished the CMD certificate, COD letter and all revised tariff forms for Asset IV. With regard to cost over-run, he submitted that there is an increase of approximately ₹12 crore in the cost of Asset-III due to price variation and an increase of ₹1 crore in respect of Asset-I on account of various quantities of switchgear. He sought two weeks' time to file rejoinder to the reply of BSP(H)CL.

4. The Commission observed that the estimated completion cost of Asset-I has increased substantially and the reasons given by the petitioner are not satisfactory. The Commission further observed that the cost of similar 315 MVA ICT alongwith associated bays at 400/220 kV Balipara Sub-station, covered in Petition No.



22/TT2016 was only ₹1806.16 lakh whereas the petitioner in the instant case has claimed the capital cost of ₹3769.09 lakh in respect of Asset-I. It was also pointed out that the cost of shifting of a 315 MVA ICT, as in the instant case, is more than the cost of new ICT of similar configuration. The Commission also directed the petitioner to submit detailed reasoning for such huge variation and high cost of Asset-I.

5. After hearing the parties, the Commission also directed the petitioner to file the following information, on affidavit, by 2.8.2019, with a copy to the respondents:-

- a) Statement showing discharge of IEDC and initial spares upto COD, 2017-18 and 2018-19 for the subject assets.
- b) Furnish Form-2 for Asset-III.

6. The Commission directed the petitioner to file its rejoinder to the reply filed by BSP(H)CL by 30.7.2019 with an advance copy to the respondents. The parties are directed to comply with the directions within the specified time and no extension of time shall be granted.

7. Subject to the above, the Commission reserved the order in the matter.

By order of the Commission

Sd/-
(V. Sreenivas)
Dy. Chief (Law)

