

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

- 1. Shri Ashok Basu, Chairman**
- 2. Shri G.S. Rajamani, Member**
- 3. Shri K.N. Sinha, Member**

**IA No. 57/2002
in
Petition No.110/2002**

In the matter of

Approval of tariff for 315 MVA, 400/220 kV ICT –IV at Ballabhgarh in Northern
Region from 1.7.2002 to 31.3.2004

And in the matter of

Power Grid Corporation of India Ltd.

... Petitioner

Vs

Rajasthan Vidyut Prasaran Nigam Ltd & others.

...Respondents

The following were present:

1. Shri U.K. Tyagi, DGM, PGCIL
2. Shri C. Kannan, PGCIL
3. Shri P.C. Pankaj, AGM, PGCIL
4. Shri A.K. Tandon, UPPCL
5. Shri TPS Bawa, PSEB
6. Shri K.K. Mittal, XEN (ISP), RVPN
7. Shri RK Arora, HVPNL

**ORDER
(DATE OF HEARING 30.5.2003)**

The Interlocutory Application filed by the petitioner for provisional tariff was listed for hearing after notice.

2. It has been stated that 315 MVA, 400/220 kV ICT–IV at Ballabhgarh in Northern Region were put into commercial operation w.e.f. 1.7.2002.

3. The prayer has been made for approval of provisional tariff.

4. The petitioner has installed additional 315 MVA, 400/220 kV (ICT-IV) at Ballabhgarh in Northern Region. It is stated that all the works necessary to put the asset have been completed and the asset has been put under commercial operation with effect from 1.7.2002.

5. The sanction for (i) installation of 315 MVA, 400/220 kV ICT-IV at Ballabhgarh and (ii) interconnection of 220 kV Ballabhgarh sub-station of BBMB and Powergrid in Northern Region transmission was accorded by the Board of Directors of the petitioner in its 97th meeting held on 12.11.1999 and was conveyed vide its letter dated 15.12.1999 at a total estimated cost of Rs.10.68 crore, including IDC of Rs.0.86 crore. Against this, the estimated completion cost of 315 MVA, 400/220 kV ICT-IV at Ballabhgarh is stated to be Rs.5.87 crore, including IDC of Rs 0.21 crore. The petitioner stated that an expenditure of Rs.5.01 crore was incurred up to 31.3.2002. The balance of expenditure was the anticipated expenditure beyond 31.3.2002. An affidavit sworn on 10.3.2003 has been filed on behalf of the petitioner, according to which an expenditure of Rs.5.48 crore had been incurred up to 31.12.2002. The balance of expenditure was the anticipated expenditure beyond 30.6.2002. At the hearing on 13.3.2003 it was clarified that the petition for approval of tariff for 315 MVA, 400/220 kV ICT-IV at Ballabhgarh and interconnection of 220 kV Ballabhgarh sub-station of BBMB and Powergrid was not covered in the present petition. Therefore, in our order dated 20.3.2003, we had directed the petitioner to place on record the apportioned approved cost of the two assets sanctioned by the Board of Directors. An affidavit sworn on 21.3.2003 has been filed on behalf of the petitioner. It has been stated that work of and interconnection of 220 kV Ballabhgarh sub-station of BBMB and Powergrid had been completed and was operational along with commissioning of

315 MVA, 400/220 kV ICT-IV at Ballabgarh. During the course of hearing on 30.5.2003, it was submitted that the approval for tariff has been sought for the complete asset as the completion cost given in the petition is for the entire asset.

6. On consideration of the facts recorded above, we allow an annual tariff of Rs.79.77 lakh for the assets covered by the petition corresponding to the expenditure of Rs.5.48 crore, on provisional basis from the date of commercial operation, subject to adjustment after determination of final tariff.

7. In our order of 20.3.2003 we had directed the petitioner to confirm whether the credit for replacement of the old 220 kV equipment had been given and if so, the details thereof were to be placed on record. In the affidavit filed on behalf of the petitioner, it has been clarified that 220 kV equipment replaced by ICT-IV at Ballabgarh station had been provided under Rihand STTP – I transmission system and was being kept as spare equipment. It is stated that no credit for old equipment had been considered in the cost. The representatives of the respondents contended that they were entitled to credit for the cost of the replaced equipment. Shri Kannan for the petitioner explained that the equipment had only a scrap value, as it could not be put to any alternative use because of its obsolescence, the equipment having been installed in 1988, though he mentioned the depreciated cost of the asset was Rs.12.94 lakh. We direct the petitioner to place the complete facts on record relating to depreciated cost of the equipment, its scrap value as also the possibility of its use in any other line before final hearing of the petition, when a view will be taken on the issue of credit to be given for the old equipment. We further direct the petitioner to explain the factors considered at the time of planning the transmission projects as it

has been found that in the present case the equipment installed originally had to be replaced to meet the changed circumstances.

8. As noticed above, the approval accorded by the Board of Directors of the petitioner company for these assets was Rs.10.68 crore, though the estimated completion cost is stated to be Rs.5.87 crore. In the past also, we came across a large number of cases where the sanctioned project cost far exceeded the estimated completion cost. We expect the Board of Directors to exercise their powers of sanctioning projects judiciously so that the estimated sanctioned cost is not unrealistic. Meanwhile, the petitioner is directed to place on record the reasons for variation in the sanctioned project cost qua the estimated completion cost.

9. Shri TPS Bawa appearing for PSEB has brought to our notice circulars issued by Power Finance Corporation, P&FO Unit, dated 1.8.2002, 19.2.2003 and 29.4.2003 and has submitted that short term working capital loans are being made available by the Power Finance Corporation at lower rates than claimed by the petitioner as interest on working capital. He submitted that the petitioner should not be allowed interest at a rate higher than that prescribed by the Power Finance Corporation. We direct the petitioner to place its view on the issue raised on behalf of PSEB.

10. Shri R.K. Arora, HVPNL submitted that there was delay in completion of the project. He sought a direction to the petitioner to place on record whether any damages were claimed or received from the contractor for delay in execution of the project. It was stated on behalf of the petitioner that the contract has not been closed

as yet and the details of any liquidated damages will be submitted during the hearing for final tariff.

11. The additional details/information sought from the petitioner in the preceding paragraphs shall be filed by the petitioner, duly supported by affidavit.

12. IA No.57/2002 in Petition No.110/2002 is disposed of.

13. The petitioner submitted that the complete audited accounts in respect of the assets were likely to be available by end July 2003. We direct the petitioner to file the up-to-date audited figures by 25.8.2003 on affidavit along with the revised details in the prescribed proformae as also the revised calculations of tariff. The details of the loans shall also be furnished in the enclosed format.

14. The petition be listed for final disposal on 18.9.2003.

Sd/-
(K.N. SINHA)
MEMBER

Sd/-
(G.S. RAJAMANI)
MEMBER

Sd/-
(ASHOK BASU)
CHAIRMAN

New Delhi dated the 4th June, 2003