

CENTRAL ELECTRICITY REGULATORY COMMISSION

Record of Proceedings

PETITION NO. 27/2008

Application for grant of transmission licence for Western Region System Strengthening Scheme-II (Project-B) to Western Region Transmission (Maharashtra) Pvt. Ltd.

PETITION NO. 28/2008

Application for grant of transmission licence for Western Region System Strengthening Scheme-II (Project-C) to Western Region Transmission (Gujarat) Pvt. Ltd.

Coram : Dr. Pramod Deo, Chairperson
Shri R.Krishnamoorthy, Member, and
Shri S.Jayaraman, Member

Date of hearing : 14.10.2008

Applicants : Western Region Transmission (Maharashtra) Pvt. Ltd
Western Region Transmission (Gujarat) Pvt. Ltd

Respondents : Power Grid Corporation of India Limited, Gurgaon
Maharashtra State Electricity Distribution Company
Limited, Mumbai
Gujarat Urja Vikas Nigam Ltd., Vadodra
Madhya Pradesh Power Transmission Company Ltd.,
Jabalpur
Chhattisgarh State Electricity Board, Raipur
Electricity Department, Govt. of Goa, Panaji
Electricity Department, Admn. of Daman and Diu, Daman
Electricity Department, Dadra and Nagar Haveli, Silvassa
Madhya Pradesh Audyogik Kendra Vikas Nigam Ltd.,
Indore
Central Electricity Authority, New Delhi
Western Regional Power Committee, Mumbai

Parties present : Shri J.J.Bhatt, Senior Advocate for applicants
Shri Mansoor Ali Shakot Advocate for applicants
Shri Alok Roy for applicants
Shri L.N.Mishra for applicants
Shri C.Sudkakar for applicants
Shri Kiran Kumar Alla for applicants
Shri J.B.Mondal for applicants
Shri Anil Kumar Rawal for applicants
Ms. Anjana Dhar, PGCIL
Shri V.M.Kaul, PGCIL
Shri Vijay Kumar, PGCIL
Shri P.J.Jani, GUVNL

The learned senior counsel for the applicants stated that subsequent to the last hearing, meetings with PGCIL and beneficiaries of WRSSS-II were held on 24.9.2008 and 7.10.2008. He informed that all the issues were more or less settled and final Power Transmission Agreement (PTA) was ready to be sent to the beneficiaries.

2. The learned counsel for the applicants further stated that in accordance with Implementation Agreement (IA) signed with PGCIL on 23.11.2007, PTA should have been signed by 23.1.2008 and the financial closure should have been achieved by 23.4.2008. It was stated that the stipulated date of commercial operation of the project was 31.3.2010. He stated that the applicants had been pursuing with the beneficiaries the issue of signing of PTA but the broad consensus on the issue could be arrived at after the meetings held on 24.9.2008 and 7.10.2008. Shri P.J.Jani, representative of GUVNL stated that issues related to PTA had been settled and it would take around 10 days to take approval of their Board before the PTA was signed. Learned counsel for the MSEDCL and representative of the MPPTCL reiterated the contention of GUVNL.

3. Learned senior counsel for the applicants submitted that with delay of nearly 9 months in signing of PTA, it was not possible to achieve the commercial operation within the agreed time schedule and requested as under:

(a) extension of time in completion of the transmission lines, and

(b) appropriate upward revision of transmission service charges by considering the escalation formula applied by PGCIL.

4. The representatives of the GUVNL, MSEDCL and MPPTCL did not agree with the requests of the applicants particularly for upward revision of transmission service charges. They argued that the applicants should approach the Commission under Section 63 of the Electricity Act, 2003 (the Act) for adoption of tariff already arrived at through the selection process. The representative of GUVNL stated that the applicants should build the assets as per tariff and timeframe contained in the bidding documents, else the project should be handed over to PGCIL so as to coincide with other elements of the project being developed by PGCIL. MPPTCL supported the views of GUVNL in this regard.

5. The learned senior counsel for the applicants stated that considering the delay of 9 months they had calculated the revised tariff after applying the escalation rates as specified by PGCIL and it was found that their tariff was still the lowest. As regards approval of tariff, the learned senior counsel stated that tariff determination in the instant case did not fall strictly under Section 63 of the Act and accordingly, tariff was to be determined by the Commission under sub-section (1) of Section 79 of the Act.

6. The representative of the PGCIL submitted that bidders were selected based on tariff quoted, but PGCIL had no objection to the tariff being decided by the Commission. When PGCIL was asked whether the transmission lines could be completed within estimated cost of the transmission lines which is stated to be Rs. 1900 crore if it were given the work, the representative of the PGCIL said that PGCIL would invite tenders for various packages and tariff should be

determined based on the price that may finally emerge. On a query from the Commission, PGCIL informed that the amount of development security furnished by the applicants was Rs. 190 crore.

7. The learned senior counsel for the applicants was directed to give copies of the final draft PTA to the beneficiaries within two days so that signing of PTA may be processed in view of the general agreement between the parties at the recent meetings.

8. Learned senior counsel for the applicants offered to file detailed submissions in support of its prayer for extension of time and upward revision of transmission charges with one week. The Commission permitted the applicants to place on record all the details including the steps taken by them so far towards execution of the transmission lines, with copy to the respondents, duly supported by affidavit. The respondents were directed to file their comments latest by 28.10.2008.

9. These applications will be listed for hearing on 20.11.2008 for further directions.

Sd/-
(K.S.Dhingra)
Chief (Legal)