

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

- 1. Dr. Pramod Deo, Chairperson**
- 2. Shri Bhanu Bhushan, Member**
- 3. Shri R.Krishnamoorthy, Member**

Petition No.62/2008

In the matter of

Petition for seeking prior approval for transfer of ownership of 1 No single circuit 400 kV tie line between Neyveli (TPS-II) Expansion and Neyveli (TPS-II) switchyard from Power Grid Corporation India Limited to Neyveli Lignite Corporation Limited.

And in the matter of

Power Grid Corporation of India Limited

....Petitioner

Vs

- 1.Neyveli Lignite Corporation Ltd., Chennai
- 2.Karnataka Power Transmission Corporation Ltd., Bangalore
- 3.Transmission Corporation of Andhra Pradesh, Hyderabad
- 4.Kerala State Electricity Board, Thiruvananthapuram
- 5.Tamil Nadu Electricity Board, Chennai
- 6.Electricity Deptt., Govt. of Pondicherry, Pondicherry

.Respondents

Following were present:

- 1.Shri V.V.Sharma, PGCIL
- 2.Shri A.K.Nagpal, PGCIL
- 3.Shri Mohd, Mohsin, PGCIL
- 4.Shri C.Kannan, PGCIL
- 5.Shri R.Suresh, NLC

**ORDER
(DATE OF HEARING: 8.7.2008)**

The petitioner, a deemed transmission licensee and notified as the Central Transmission Utility by the Central Government has sought approval under sub-section (3) of Section 17 of the Electricity Act, 2003 for transfer of ownership of one S/C 400 kV tie line (the tie-line) between NLC (TPS-II) (Expansion) switchyard and NLC (TPS-II) switchyard, an element of the transmission system associated with NLC (TPS-II) (Expansion) (the transmission system) to the first respondent, Neyveli Lignite

Corporation Ltd. (NLC), the estimated completion cost of which is stated to be Rs. 264.22 lakh.

2. The investment approval for the transmission system was accorded by Ministry of Power vide letter dated 11.1.2005 at an estimated cost of Rs. 69183 lakh, which included IDC of Rs. 4135 lakh. The scope of work included 400 kV NLC (TPS-II) (Expansion) Switchyard-NLC (TPS-II) Switchyard 2 S/C transmission lines and 400 kV NLC (TPS-II)- Pugalur D/C transmission line.

3. Supply for NLC (TPS-II) (Expansion) was proposed to be tapped from NLC (TPS-II) through the transmission line as 400 kV Switchyard of NLC (TPS-II) and NLC (TPS-II) (Expansion) were to be owned by NLC. Accordingly, the petitioner was approached by NLC vide latter's letter dated 13.12.2004 to construct as Deposit Contributory Works. However, the work was being executed by the petitioner as a part of the inter-State transmission system.

4. Based on the proposal of NLC mooted in the 24th meeting of the Standing Committee of CEA for Southern Region, held on 17.1.2007, 400 kV NLC (TPS-II)- Pugalur D/C transmission line is to be extended to NLC TPS-II (Expansion). Therefore, only one transmission line (hereinafter referred to as "the tie-line") between 400 kV Switchyards of NLC (TPS-II) and NLC (TPS-II) (Expansion) has been left, which is being implemented by the petitioner, who is stated to have incurred an expenditure of Rs. 167.99 lakh. The tie-line is, as agreed to by the constituents of Southern Region, on the request of NLC, is proposed to be transferred to NLC. Hence the present application.

5. Heard the representatives of the petitioner and the respondent present at the hearing.
6. Sub-sections (3) and (4) of Section 17 of the Electricity Act, 2003 provides that:-
- “17. Licensee not to do certain things-
.....
- (3) No licensee shall at any time assign his license or transfer his utility or any part thereof by sale, lease, exchange or otherwise without the prior approval of Appropriate Commission.
- (4) Any agreement related to any transaction specified in sub-section (1) or sub-section (3) unless made with the prior approval of the Appropriate Commission, shall be void.”
7. Kerala State Electricity Board (KSEB) has filed its reply through an affidavit dated 7.6.2008. KSEB in its reply has submitted that the tie-line is being transferred from a transmission utility to a generating utility. Therefore, for the purpose of tariff, the tie-line be treated as a transmission asset, for which the transmission tariff norms should be applicable. KSEB has further submitted that the tie-line should not be included in the generation asset and debt-equity ratio of 80:20 may be considered for the purpose of tariff after transfer to NLC. It has been stated that as per Memorandum of Understanding, NLC is to pay 15% of actual cost as consultancy fee and this amount should not be levied on the beneficiaries. It has been also submitted that any additional liability in terms of stamp duty, registration fee arising out of this transfer may not be recovered from the beneficiaries and it should be borne by NLC only.
8. The petitioner has submitted rejoinder on the reply of KSEB. The petitioner has submitted that the asset under construction is to be transferred from the petitioner to NLC on the latter's request for increased operational efficiency. It has been stated that

the issue of debt-equity ratio shall be applicable at the time of approval of tariff and cannot be applied when approval for transfer of tie-line to NLC is being considered. The petitioner has further submitted that since the asset is being transferred just after construction to NLC and Incidental Expenditure during Construction (IEDC) is not being charged but the consultancy charges @ 15% of the cost, as agreed to between the petitioner and NLC, is to be charged in lieu of IEDC incurred by the petitioner.

9. In our considered view, the issues raised by KSEB are not germane to substantive issue raised in the petition, that is, approval for transfer of tie-line. KSEB's concerns may be examined and addressed in accordance with law, at the time of approval of tariff for the project, including the tie-line sought to be transferred.

10. None of the respondents has opposed the transfer proposed. Rather, it is stated to have been agreed to by all the constituents of Southern Region, in 24th meeting of the Standing Committee. Considering all the aspects, the petitioner is allowed to transfer the tie-line between NLC (TPS-II) (Expansion) Switchyard and NLC (TPS-II) switchyard with effect from 1.9.2008, the transfer date agreed to between the petitioner and NLC. The physical transfer of the asset along with spares and engineering documents may be executed accordingly.

11. With the above, Petition No, 62/2008 stands disposed of.

Sd/-

(R.KRISHNAMOORTHY)
MEMBER

New Delhi dated the 1st September 2008

Sd/-

(BHANU BHUSHAN)
MEMBER

Sd/-

(DR. PRAMOD DEO)
CHAIRPERSON