

**BEFORE THE CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Application No.11/2000
in Petition No.19/2000

Present:

1. Shri S.L. Rao, Chairman
2. Shri D.P. Sinha, Member
3. Shri G.S. Rajamani, Member
4. Shri A.R. Ramanathan, Member

In the matter of :

Approval for Transmission Tariff for Kaiga Transmission System in Southern Region.

AND

In the matter of :

M/s. Power Grid Corporation of India Ltd.,
B-9, Outab Institutional Area,
Katwaria Sarai,
New Delhi-110 016.

..... Petitioner

AND

Karnataka Power Transmission Corporation and OthersRespondents

The following were present :-

- | | | |
|----|---|------------------|
| 1. | Shri S.K. Dube, ED-Comm., PGCIL | Petitioner |
| 2. | Shri S. S. Sharma, AGM(Comm), PGCIL | -do- |
| 3. | Shri V.V. Sharma, DGM (C), PGCIL | -do- |
| 4. | Shri K.S. Upadhyay , CE , KPTCL |Respondent |
| 5. | Shri N.Sundaresan, Resident Manager, TNEB | -do- |
| 6. | Shri A. Muthunarayanan S.E, Ele.Deptt., Pondicherry | -do- |

**ORDER
(Date of Hearing 26.04.2000)**

This petition has been filed by Power Grid Corporation of India Ltd. (PGCIL) seeking approval of the Commission for Transmission Tariff for Kaiga Transmission System in Southern Region, in commercial operation since 1/12/1999. The petitioner has also filed an interlocutory application (IA No.11/2000) for interim order in its favour till determination of final tariff by the Commission and disposal of the main petition.

2. It has been stated that construction of Kaiga Transmission system for evacuation of central sector power from Kaiga Atomic Power Project, Stage-I (Karnataka) was approved at the instance of Nuclear Power Corporation Ltd., in 1994. The system envisaged construction of 400 kV D/C Kaiga-Sirsi transmission line connecting NPC's switchyard at Kaiga APP and KPTCL's switchyard at Sirsi and PLCC substation equipment at Kaiga end. The Board of Directors of PGCIL approved the capital cost of the project of Rs.5365 lakhs including IDC of Rs.1109 lakhs in exercise of its delegated powers. The

completion cost of the project has, however, been revised to Rs.5752.73 lakhs . It has also been stated that the estimated completion cost does not include liability on account of compensatory afforestation cost, which if demanded by the claimant would increase the capital cost of the project and consequent liability of the respondents to pay higher tariff.

3. The project was to be commissioned in March 1999. The representative of the petitioner submitted that the line was ready by the end of May 1999 and was charge tested on 5/6/99, but was put into commercial operation on 1/12/99. He explained that KEB and NPC did not complete the works at the two ends. The petitioner is responsible for delay of about 2 months only.

4. As per the certificate dated 10/12/99, the total cost includes an expenditure of Rs. 174.00 lakhs anticipated up to 31.3.2000. The representative of the petitioner informed that out of this, a further sum of Rs.74 lakhs has also been spent since 10/12/99 and a sum of Rs.100 lakhs only is yet to be spent on the project. He however did not produce any audited figures in support of his claim. He submitted that all necessary works to put the system to commercial use, excepting some minor civil works have been completed.

5. The petitioner discussed the tariff proposal for the said assets with the respondents. It has been observed from the minutes of the meeting held on 28/2/2000 that representatives of KPTC, TRANSCO and TNEB had participated in the meeting. It was decided in the meeting that in order to avoid accumulation of arrears, SEBs would pay on provisional basis 80% of the tariff calculated by the petitioner in respect of 400 kV D/C Kaiga-Sirsi Transmission line and ICT-III at Nagarjunsagar. KSEB did not participate in the meeting but had separately communicated its consent to the proposal regarding payment of 80% of the tariff on provisional basis.

6. Today the application for interim relief was listed for a hearing. It was strenuously argued on behalf of the petitioner that it is entitled for 100% tariff on provisional basis. Even at the meeting with the beneficiaries, petitioner had insisted for 100% payment but had subsequently offered to accept 90% of the tariff on provisional basis, subject to final determination of tariff by the Commission.

7. After considering the facts on record and submissions made by the representatives of the parties present at the hearing, we find that it would be just and fair to allow the petitioner to raise bills for the system which is already under commercial operation and is being utilised by the beneficiaries. However, the claim of the petitioner to 100% of the tariff does not seem to be justified because the entire project cost has not yet been spent and according to petitioner's own admission a sum of Rs.100 lakhs is yet to be spent by 31.3.2001. Similarly, the contention of some of the respondents that only 80% charges be allowed for the time being is not justified. It has been stated that payment over and above 80% will cause undue financial hardship to the respondent. We are not convinced by this argument advanced on behalf of the respondents for the reason that they are making full use of the system which is already in commercial operation. Even otherwise, it would add to huge arrears that would be against the interests of the beneficiaries themselves as also the petitioner. Therefore we direct that the respondents shall pay 90% of the tariff claimed by the petitioner in this petition on provisional basis subject to adjustments of tariff, as may be finally determined by the Commission, though the petitioner is at liberty to raise the bills for the full amount calculated and claimed by it.

8. With the above directions IA No.11/2000 is disposed of.

9. We have found that the project was initially sanctioned at a cost of Rs.5356 lakhs by the Board of Directors of the petitioner company under its delegated powers. The estimated cost was subsequently revised to Rs.5753 lakhs by the Board. We have been informed that the respondents were not consulted while revising the cost of the project.

A number of such other projects have come to our notice during the course of hearing of the petitions for fixation of transmission tariff where the Board of Directors of the petitioner company have unilaterally increased the cost of the project without involving the beneficiaries. We therefore direct the petitioner that it should evolve a mechanism for consultation with the beneficiaries in case of upward revision of the cost of the project since they have to bear the extra burden on account of such an increase.

Sd\-	Sd\-	Sd/-	Sd/-
(A.R. Ramanathan) Member	(G.S.Rajamani) Member	(D.P. Sinha) Member	(S.L.Rao) Chairman

New Delhi,
Dated 26.04.2000

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