

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI
Record of Proceedings**

Petition No. 124/2008

- Coram : Dr. Pramod Deo, Chairperson
Shri R.Krishnamoorthy, Member
Shri S.Jayaraman, Member
Shri V.S.Verma, Member
- Date of Hearing : 26.3.2009
- Subject : Determination of final transmission tariff and additional capitalization from DOCO to 31.3.2008 for 400 kV Vindhyachal-Kanpur line at Singrauli along with bays at Singrauli end (Realignment of Vindhyachal-Kanpur s/c line at Singrauli and Singrauli Vindhyachal 2nd 400 kV Ckt) and Bus coupler bay at Vindhyachal HVDC under System Strengthening Scheme in Singrauli-Vindhyachal corridor in Northern Region for the period 2004-09
- Petitioners : Power Grid Corporation of India Ltd., Gurgaon
- Respondents : 1. Rajasthan Rajya Vidyut Prasaran Nigam Limited, Jaipur
2. Ajmer Vidyut Vitaran Nigam Ltd., Ajmer
3. Jaipur Vidyut Vitaran Nigam Ltd, Jaipur
4. Jodhpur Vidyut Vitaran Nigam Ltd, Jodhpur
5. Himachal Pradesh State Electricity Board, Shimla
6. Punjab State Electricity Board, Patiala
7. Haryana Power Purchase Centre, Panchkula
8. Power Development Department, Govt. of J&K, Jmmu
9. Uttar Pradesh Power Corporation Ltd, Lucknow
10. Delhi Transco Ltd, New Delhi
11. BSES Yamuna Power Limited, New Delhi
12. BSES Rajdhani Power Ltd., New Delhi
13. North Delhi Power Ltd., New Delhi
14. Chief Engineer, Chandigarh Administration, Chandigarh
15. Uttaranchal Power Corporation Ltd, Dehradun
16. North Central Railway, Allahabad
- Parties present : 1. Shri U.K.Tyagi, PGCIL
2. Shri M.M.Mondal, PGCIL
3. Shri S.N.Singh, UPPCL

The petition has been filed for approval of tariff for 400 kV Vindhyachal-Kanpur line at Singrauli along with bays at Singrauli end (Realignment of Vindhyachal-Kanpur S/C line at Singrauli and Singrauli-Vindhyachal 2nd 400 kV Ckt) and Bus coupler bay at Vindhyachal HVDC (the transmission assets) under System Strengthening Scheme (the scheme) in Singrauli-Vindhyachal corridor in Northern Region for the period 2004-09 after accounting of additional capitalization from 1.5.2007 to 31.3.2008.

2. The investment approval of the scheme was accorded by the Board of Directors of the petitioner company vide its letter dated 25.2.2004 at an estimated cost of Rs. 1726 lakh, including IDC of Rs. 106 lakh. Subsequently, approval to for the revised cost estimate was accorded vide letter dated 26.2.2008 at an estimated cost of Rs. 2179 lakh, including IDC of Rs. 66 lakh.

3. The provisional transmission charges for the transmission assts were approved by the Commission in its order dated 29.11.2007 in Petition No. 122/2007 based on capital expenditure of Rs. 1584.36 lakh as on 1.5.2007.

4. As per the investment approval, the transmission assets were scheduled to be commissioned by July 2006. However, the transmission assets were declared under commercial operation only on 1.5.2007. Thus, there was delay of 9 months in the commissioning. The representative of the petitioner submitted that initial delay was due to excessive heavy rains and heavily waterlogged locations, because of which work was held up. The work involved erection of six D/C towers and two S/C towers. It was submitted that as the foundation and erection work started in monsoon in 2006, and the towers were located in the paddy fields, which did not have proper access roads. Therefore, according to the petitioner, transportation of material to site took much longer time. It was further submitted that because of monsoon, the reservoir level rose considerably and as such the tower material was ferried on boats to the site and erection was continued taking precautionary measures against the possibility of any mishap so that the delay in the erection work could be curtailed. The representative of the petitioner further submitted that the rain fall in the area during the year 2006 was found to be relatively excessive. After completion of erection work, the petitioner reportedly approached NTPC/NRLDC for availing the shut down of Vindhyachal-Kanpur 400 kV transmission line. The shut down was granted and the petitioner mobilized the gangs at least four times, but had to demobilize every time because of last minute denial of shut down by NRLDC/NTPC on account of heavy loading on Vindhyachal-Kanpur transmission line. The transmission line could only be completed in April 2007 when the shut down was availed.

5. The Commission observed that the normal delay because of rainy season etc. might have been considered when the PERT chart of the project was prepared and the petitioner should have taken necessary action depending on the PERT chart.

6. The Commission also enquired whether the cost was reasonable and whether the petitioner had checked estimated bid price with other utilities to find out the reasonableness of the bid price. The representative of the petitioner informed that the petitioner had not compared with other utilities but the estimated price quoted was considered to be justified.

7. The Commission further observed that the time over-run of the transmission asset led to cost over-run, and as such the reasonableness of the capital cost of the transmission line also needed to be justified.

8. The representative of the respondent, Uttar Pradesh Power Corporation Ltd. informed the Commission that it had sent reply to the petition under letter dated 3.2.2009, to which no rejoinder was filed on behalf of the petitioner. The representative of the petitioner confirmed that the rejoinder has been filed. On verification, it was found that the rejoinder filed by the petitioner on 23.3.2009 was held on record.

9. The petitioner was directed to furnish the following information/clarifications on affidavits latest by 17.4.2009, with an advance copy to the respondents so that the reason for delay of 9 months in commissioning of the transmission assets and the prudence of the capital cost could be established:

- (i) Reasonableness of the capital cost;
- (ii) PERT chart of the project mentioning critical activity and linkage with delays at various levels with reasons.

10. Subject to above, Commission reserved the order.

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