

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Record of Proceedings**

<b>Coram</b>	<b>Dr. Pramod Deo, Chairperson Shri R.Krishnamoorthy, Member Shri S. Jayaraman, Member Shri V.S.Verma, Member</b>
<b>Petition No.</b>	<b>1/2009</b>
<b>Date of Hearing</b>	<b>16.4.2009</b>
<b>Subject</b>	<b>Determination of final transmission tariff in respect of six assets under Kahalgaon Stage – II Phase – I (2X500 MW) transmission system in Eastern Region for the period 2004-09</b>
<b>Petitioner</b>	<b>Power Grid Corporation of India Ltd., Gurgaon</b>
<b>Respondent</b>	<b>Bihar State Electricity Board, Patna &amp; others</b>
<b>Parties present</b>	<b>Shri U.K. Tyagi, PGCIL Shri. A.K. Nagpal, PGCIL Shri. C. Srinivasalu, PGCIL Shri R. B. Sharma, Advocate, BSEB Ms. Rinchen C Bhutia, Advocate, Govt. fo Sikkim</b>

The representative of petitioner submitted that all the six assets for which transmission tariff was claimed forming part of Khalgaon Stage 0- II, Phase I transmission system had been commissioned in different stages. He added that the Revised Cost Estimates in respect of the transmission system had since been approved by the Board of Directors of the petitioner company on 25.12.2008 and the copy of the sanction along with details of the apportioned approved cost of the six assets had since been placed on record on 15.4.2009. He requested the Commission to accord approval for the transmission tariff based on the details submitted in the petition and the affidavit dated 15.4.2009 after considering the additional capital expenditure for the year 2007-08.

2. Learned counsel for BSEB submitted that he had not received the additional information filed by the petitioner on 15.4.2009 and would be making his submissions based on the information in the main petition. He pointed out that there had been substantial cost overrun varying from 15% in respect of asset No 4 to 37% in respect of asset No. 1. He requested the Commission to direct the petitioner to ensure that the balance expenditure to be incurred in respect of the assets involved in the petition be made in a judicious manner.

3. Learned counsel for BSEB also pointed out that there had been time overrun as well, ranging from one month in respect of asset No 3 to five months in respect of asset No 6. He invited attention of the Commission to the fact that the land acquisition authorities had invoked emergency provision for acquisition of land for the project in question, which indicated the cooperative attitude of the State Government and belied the claim of the petitioner that the time overrun was due to reasons beyond its control.

4. Learned counsel for BSEB urged that in the instant case debt – equity was required to be determined in accordance with the second proviso to regulation 54 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 (the 2004 regulations). According to him, apportionment of Rs. 722 lakh into normative debt and equity as proposed by the petitioner in Form 6 appended to the petition was not tenable. Further, he also brought out that cost of initial spares was more than the specified level in respect of some of the assets.

5. Representative of the petitioner pointed out that apportionment of Rs. 722 lakh into normative debt and equity as done in Form 6 appended to the petition was in respect of additional capitalization and its apportionment in the normative debt ratio of 70:30 is in accordance with Note 3 under regulation 53 of the 2004 regulations.

6. The representative of the petitioner sought to clarify the time overrun stating that the petitioner had initiated the process for land acquisition in May 2004, well before the approval of the project in October 2004 but land was made available only in 2006. He observed that the time consumed in land acquisition was more than what was generally taken in similar cases.

7. The Commission observed that the contention that time overrun was beyond the control of the petitioner was required to be supported by more detailed information based on PERT. The petitioner was accordingly directed to file, along with copy to the respondents, the details of the work schedule and the critical activity which went outside its control, leading to time overrun.

8. Subject to the above, the Commission reserved its order in the petition.

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