

CENTRAL ELECTRICITY REGULATORY COMMISSION

Record of Proceedings

Petition No. 136/2010

Sub: Determination of transmission tariff for (i) LILO of Ramagundam-Khammam transmission line at Warnagal sub-station for the period from DOCO to 1.9.2009 (ii) 2x315 MVA Auto transformer and 400/220 kV bays equipment at Warangal sub-station for the period from DOCO to 31.3.2014 (iii) Combined assets of LILO of Ramagundam-Khammam transmission line and Neyveli -Pugular-Madurai 400 kV D/C transmission line for the period from 1.9.2009 to 31.3.2014 and (iv) 2 x315 MVA Auto transformer and 400/220 kV bays equipment at Pugalur sub-station for the period from DOCO to 31.3.2014 under transmission system associated with associated with Neyveli Lignite Corporation-II (NLC-II) expansion project in Southern Region for the period from 2009-14.

Date of hearing : 28.10.2010

Coram : Shri S.Jayaraman, Member
Shri M.Deena Dayalan, Member

Petitioner : Power Grid Corporation of India Ltd., Gurgaon

Respondents : KPTCL, APTRANSCO, KSEB, TNEB, Govt. of Goa, Govt. of Pondicherry, APEPDCL, APSPDCL,APCPDCL,APNPDCL, APNPDCL, BESCO, GESOM, HESOM and CESC.

Parties present : Shri Rakesh Prasad, PGCIL
Shri Rajeev Gupta, PGCIL
Shri M.M.Mondal, PGCIL

This petition has been filed for approval of transmission tariff in respect of (i) LILO of Ramagundam-Khammam transmission line at Warnagal sub-station for the period from DOCO (1.8.2009) to 1.9.2009 (ii) 2x315 MVA Auto transformer and 400/220 kV bays equipment at Warangal sub-station for the period from DOCO (1.8.2009) to 31.3.2014 (iii) Combined assets of LILO of Ramagundam-Khammam transmission line and Neyveli -Pugular-Madurai 400 kV D/C transmission line for the period

from 1.9.2009 to 31.3.2014 and (iv) 2 x315 MVA Auto transformer and 400/220 kV bays equipment at Pugalur sub-station for the period from DOCO (1.9.2009) to 31.3.2014 under transmission system associated with associated with Neyveli Lignite Corporation-II (NLC-II). Expansion Project in accordance with Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (herein after referred to as the 2009 regulations) after accounting for additional capital expenditure projected to be incurred during 2009-12.

2. As per the investment approval, the project was scheduled to be completed 35 months from the date of approval i.e. by December 2007. As against the schedule, the first and second assets were commissioned on 1.8.2009 and the remaining two assets were commissioned on 1.9.2009.

3. In response to Commission's query in regard to the reasons for the delay in commissioning of the assets, the representative of the petitioner explained that the award for works on the transmission lines were made to match with the commissioning of the first unit of NLC-II generating project. Since NLC in the coordination meeting held on December 2006 indicated the revised schedule of commissioning of 1st unit of generation project as February, 2009, the petitioner rescheduled the commissioning of transmission assets. The representative of the petitioner further submitted that the dates of scheduling of the transmission assets have been discussed by the beneficiaries in the various SRPC meetings and as per the decisions taken in such meetings, the transmission assets have been commissioned.

4. In response to the Commission's query as to how the Indemnification Agreement between petitioner and NLC would take care of the delay in commissioning of the assets, the representative of the petitioner referred to the following provisions of Indemnification Agreement (IA):

"In the event of delay in commissioning of generating units vis a vis Associated Transmission System (ATS) and vice versa the defaulting party shall pay the interest during construction (IDC) including FERV and Govt. Guarantee fee, if any, for generating units and ATS calculated as lower of the two, up to a period of one year from the Zero date.

In case of Commissioning schedule of generating units and Associated Transmission System is delayed beyond the Zero date,

the actual date of commissioning of generating units or Associated Transmission System whichever is commissioned earlier after the original Zero date shall be considered as the revised Zero date.

However, the indemnification claim shall be raised and the defaulting party shall pay only in case of revenue loss or part thereof suffered by the other party due to delay in commissioning by the defaulting party".

5. The representative of the petitioner submitted that though the zero date as per the transmission agreement as on 1.2.2009, the 'Zero date stands revised to 1.8.2009 on the basis of the provisions of the Indemnification Agreement as quoted above.

6. In response to another query of the Commission as to how some of the packages were awarded before the approval of the project by Ministry of Power, the representative of the petitioner clarified that these were bidding dates and the petitioner has initiated advance parallel actions in order to award the contracts in time.

7. In response to the Commission's query regarding sharp rise to the extent of 68% in cost of some of the assets commissioned, the representative of the petitioner submitted that the project cost was calculated at June, 2004 price level. Subsequently, there have been sharp increases in the cost of the various materials resulting in high cost of the project.

8. The Commission directed the petitioner to submit the details of cost escalation package-wise up to the original and revised schedules i.e. up to December 2007, February, 2009 and August , 2009 and September, 2009 latest by 12.11.2010, with an advance copy to the respondents.

9. Subject to above, order in the petition was reserved.

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(T.Rout)
Joint Chief (Law)