

**Central Electricity Regulatory Commission  
New Delhi**

**RECORD OF PROCEEDINGS**

**Review Petition No. 23/2011 in Petition No. 58/2011**

Subject: Review of the order dated 27.9.2011 in Petition No. 58/2011-  
Approval of transmission tariff in respect of Transmission  
System associated with Simhadri-II generation project in SR

Date of Hearing: 17.1.2012

Coram: Dr. Pramod Deo, Chairperson  
Shri S.Jayaraman, Member

Petitioner: PGCIL, New Delhi

Respondents: KPTCL & 14 others

Parties present: Shri M.G.Ramachandran, Advocate, PGCIL  
Ms. Swapna Seshadri, Advocate, PGCIL  
Shri U.K.Tyagi, PGCIL  
Shri Mahendra Singh, PGCIL  
Shri Rakesh Prasad, PGCIL  
Shri S.S.Raju, PGCIL  
Shri Rajeev Gupta, PGCIL  
Shri S. Vallinayagam, Advocate, TANGEDCO  
Shri S.Balaguru, TANGEDCO

The learned counsel for the review petitioner submitted as under:-

- (a) The present review petition has been filed by PGCIL for review of the Commission's order dated 27.9.2011 on the issues of additional return on equity, operation and maintenance expenses, and cost of initial spares.
- (b) The investment approval of the Board of Directors of PGCIL was granted on 14.1.2010. The scheduled date of completion reckoned in accordance with Appendix II to the 2009 regulations was 18.5.2012. As against this, the transmission line was completed by 1.8.2011 and therefore, the line is eligible for additional return on equity of 0.5%;
- (c) However, the Commission in its order dated 27.9.2011 relied on timeline of 18 months mentioned in the Investment Approval for completion of the transmission line and disallowed the additional return on equity;

- (d) The 2009 regulations do not specify any norms for O&M expenses for multi circuit lines. Since the transmission lines under this project are having more than one sub-conductor, consideration of O&M expenses as 1.5 times that of single circuit line is not in line with the 2009 regulations. The O&M expenses allowed in the order of the Commission is inadequate and does not cover the expenses of maintenance activities required for the Multi circuit line of the petitioner;
- (e) The transmission line being multi circuit in nature, the small line length and the concentration of equipments in the line area, there is a greater requirement of spares over and above the limit provided for in the 2009 regulations. The Commission in its order did not allow any relaxation as prayed for by the petitioner in relation to the cost of initial spares.

2. The learned counsel for Tamilnadu Electricity Board (TNEB), Respondent No. 4, submitted that PGCIL had not pleaded in its tariff petition that the project completion period should be as per the Appendix II to the 2009 regulations and not as per the investment approval of the Board of Directors of the company. As regards norms for O&M expenses, he submitted that the total line length is 6.15 Km which comprises of 4.5 Km of multi circuit line and 1.65 Km of double circuit line. The Statement of Reason to the 2009 regulations provides that the O&M expenses for double circuit line of 1 Km is 1.5 times that of the single circuit line. As regards cost of initial spares, the learned counsel submitted that the same has been correctly allowed as per Regulation 8 of the 2009 regulations. There is no error apparent on the face of the order which requires review.

3. Order in the review petition was reserved.

**By order of the Commission**

Sd/-

(T.Rout)  
Joint Chief (Law)  
29.2.2012