

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

I.A No. 03/2015 in Petition No. 312/TT/2014

Subject: Approval of additional expenditure towards the cost of the insurance of 400 kV D/C Koldam-Ludhiana Transmission Line in Northern Region under Regulation-54 and 55 of Central Electricity Regulatory Commission (Terms and condition of Tariff), 2014 for tariff block 20014-19.

And

I.A No. 04/2015 in Petition No. 384/TT/2014

Approval of additional expenditure towards the cost of the insurance of Section of 400 kV (Quad) 2xS/C Parbati- Koldam Transmission Line, starting from LILO point of Parbati (Banala) Pooling Station to Koldam HEP in Northern Region under Regulation-54 and 55 of Central Electricity Regulatory Commission (Terms and condition of Tariff), 2014 for tariff block 20014-19.

Date of Hearing: 16.4.2015

Coram: Shri Gireesh B. Pradhan, Chairman
Shri A.K. Singhal, Member
Shri A.S. Bakshi, Member

Petitioner: Parbati Koldam Transmission Company Limited (PKTCL)

Respondents: Rajasthan Rajya Vidyut Prasaran Nigam Limited and 19 others

Parties present: Shri Aman Trivedi, PKTCL
Shri Vinod Kumar Jain, NTPC
Shri Nishant Gupta, NTPC

Record of Proceedings

The representative of petitioner submitted as follows:-

- (a) The petitioner M/S Parbati Koldam Transmission Company Limited (PKTCL) is a joint venture company of M/S Reliance Infrastructure Limited (RIL) and Power Grid Corporation of India Limited (PGCIL). These Interlocutory petitions are filed by PKTCL seeking approval of additional expenditure towards the cost of the insurance for transmission assets for tariff block 2014-19, in Northern Region;



- (b) The Commission has approved transmission tariff vide order dated 23.12.2014 in Petition No. 312/TT/2014 and vide order dated 22.12.2014 in Petition No. 384/TT/2014; and
- (c) The petitioner submitted that as per Operation Interface Agreement entered with CTU, the petitioner is required to undertake insurance during the operation period against various risks in a manner as required under prudent utility practices and law. The 2014 Tariff Regulations provide for creation of Self Insurance Reserve by appropriating from current year profit towards future loss which may arise from uninsured risks. Though the Commission has allowed tariff based on this principal, it is felt that the amount is too meager and may not be sufficient to restore the lines in case of exigencies and vagaries of nature as the lines are located totally in the hilly terrain. Moreover the Tariff Regulation considering the grant of normative O&M expenses based on this policy works well in case of a petitioner who has multiple assets but not in case of a single project company and that too on hilly areas.

2. In response to a query of the Commission regarding the petitioner's prayer for allowing the cost of insurance for the transmission assets, the representative of PGCIL (joint venture partner of the petitioner) present during the hearing submitted that in case of single asset transmission licensee, the insurance amount included in the O&M Expenses may not be sufficient to meet the requirement of insurance premium particularly for transmission lines in the hilly terrain.

3. The Commission directed PGCIL to submit its detailed comments on the petitioner's prayer and further directed the petitioner to submit the details of similar instances, if any, and copies of the Operation Interface Agreement with CTU on affidavit with a copy to the respondents by 29.4.2015.

4. The Commission also directed to issue notice to the respondents, who may file their reply by 8.5.2015 and the petitioner to file rejoinder, if any, by 20.5.2015. The Commission further directed to list the matter on 2.6.2015 for consideration of the petitioner's prayer for allowing the cost of insurance for the transmission assets.

By Order of the Commission

(T. Rout)
Chief (Legal)

