

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 146/MP/2017

Subject : Petition under Regulations 54 and 55 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014, "Power to Relax" and "Power to remove difficulty" for one time reimbursement of carrying cost for replacement of porcelain insulators with polymer Insulators of the Assets covered under Petition No 305/2010 in respect of Northern Region.

Date of hearing : 6.3.2018

Coram : Shri P.K. Pujari, Chairperson
Shri A.K. Singhal, Member
Shri A.S. Bakshi, Member
Dr. M.K. Iyer, Member

Petitioner : Power Grid Corporation of India Limited

Respondents : Himachal Pradesh State Electricity Board and Others

Parties present : Shri S.B. Upadhyay, Senior Advocate, PGCIL
Shri R.P. Padhi, PGCIL
Shri M.M. Mondal, PGCIL
Shri S.K. Venkatesh, PGCIL
Ms. Supriya Singh, PGCIL
Shri Rajeev Kumar, PGCIL

Record of Proceedings

Learned senior counsel for the Petitioner submitted that the present petition has been filed for seeking one time reimbursement of carrying cost for replacement of porcelain insulators with polymer insulators of the assets covered under Petition No. 305/2010 in respect of Northern Region. Learned senior counsel for the Petitioner further submitted as under:

- (a) The Petitioner implemented the scheme of replacing the old porcelain insulators with new and pollution free polymer insulators as per the direction of Ministry of Power, Government of India after the meeting with members of Northern Region Power Committee (NRPC). Under the scheme, the Petitioner replaced around 16,00,000 porcelain insulator with polymer insulator in Northern Region as decided in 30th NRPC meeting and as advised by Ministry of Power, Government of India in the year 2009-10.
- (b) The Commission vide order dated 7.2.2013 in Petition No. 305/2010 had observed that the porcelain insulators shall be de-capitalized from the date of their replacement and shall be capitalized when they are put to use in new lines and during that period there would be no depreciation. Therefore, the de-capitalized porcelain insulators shall be allowed only carrying cost on the Written Down Value

(WDV) of the assets at weighted average rate of interest on loans availed by the Petitioner till the insulators are put to use and capitalized.

(c) The Petitioner has utilized major portion of the old insulators either in O&M expenses of its transmission lines or in the construction of a number of new transmission lines at the WDV. However, since the quantity of dismantled insulators was huge, certain amount of it are still unused. Approximately 386297 insulators still remained unused. The WDV of these insulators based on average basis works out to ₹ 2021.06 lakh. However, these balance insulators may take a longer time to be utilized.

2. On a specific query of the Commission as to whether the Petitioner would use porcelain insulator in future, learned senior counsel for the Petitioner submitted that as per the 30th NRPC meeting, the Petitioner cannot use any porcelain insulator for new lines all over India. Learned senior counsel further submitted that all RPCs agreed in the meeting that in future all new transmission lines in plain areas would be built with polymer insulators only and also existing anti-fog insulators would be replaced with polymer insulators in phased manner.

3. After hearing the learned senior counsel for the Petitioner, the Commission directed the Petitioner to submit the following information, on affidavit, on or before 20.3.2018:

(a) Auditor's certificate on the expenditure incurred on carrying costs, WDV of damaged insulators as per PSL (Price Stores Ledger) and WDV of un-utilized old porcelain insulators as per Audited Balance Sheet;

(b) Details as directed by the Commission vide Para 43 of the order dated 7.2.2013 in Petition No. 305/2010;

(c) How many dismantled insulators have been used and in which transmission lines they have been used, dates of their utilization, weighted average rate of interest on loans corresponding to the assets (as per Commission's order in Petition No. 305/2010) and asset-wise breakup of handling charges;

(d) Detailed calculations for arriving at the carrying cost; and

(e) To ensure that there is no dual charging for transportation costs in the present petition as well as in the corresponding transmission lines, where these old porcelain insulators are installed.

4. The Commission directed that due date of filing the information should be strictly complied with. No extension shall be granted on that account.

5. Subject to above, the Commission reserved the order in the Petition.

By order of the Commission

**Sd/-
(T. Rout)
Chief (Law)**