

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Review Petition No. 37/RP/2018**

- Subject** : Review of order dated 23.7.2018 in Petition No. 01/TT/2018 with regard to approval of transmission tariff of Assets I and II under Transmission System associated with Pallatana GBPP and Bongaigon TPS from COD to 31.3.2019 under 2014 Tariff Regulations.
- Date of Hearing** : 18.12.2018
- Coram** : Shri P.K. Pujari, Chairperson  
Dr. M. K. Iyer, Member
- Review Petitioner** : Power Grid Corporation of India Limited
- Respondents** : Assam Electricity Grid Corporation Limited & 8 Others
- Parties present** : Shri Sitesh Mukherjee, Advocate, PGCIL  
Shri Deep Rao, Advocate, PGCIL  
Shri Divyanshu Bhatt, PGCIL  
Shri S.K. Venkatsan, PGCIL  
Shri Zafrul Hasan, PGCIL  
Shri S.S. Raju, PGCIL

**Record of Proceedings**

Learned counsel for the review petitioner submitted that transmission charges for two assets under "Transmission system associated with Pallatana GBPP and Bongaigaon TPS" for the 2014-19 tariff period was determined vide order dated 23.7.2018 in Petition No. 1/TT/2018. In order dated 23.7.2019, the Commission condoned the entire time over-run of 54 months in case of both the assets and permitted for capitalization of IDC and IEDC for the period. However, the Commission has restricted the IEDC to 5% of the hard cost of the Abstract Cost Estimate, thereby disallowing IEDC of ₹759.95 lakh for Asset-I and ₹363.36 lakh for Asset-II.

2. Learned counsel submitted that there is no provision in 2014 Tariff Regulations for considering the IEDC on percentage terms of the hard cost. The IEDC is actual expenditure incurred by the Review Petitioner and the same should not be denied merely because it exceeds the estimate made by the Review Petitioner at the initial stages. The Abstract Cost Estimates are prepared as an estimate and they are not normative figures which cannot be exceeded. The Commission should have applied prudence check and should not have limited the IEDC to 5% of the original cost estimate. He submitted that the IEDC as a percentage of Hard Cost was an estimate based on timely completion of the project. The uncontrollable delays in completion of



the project led to increase in IEDC. Therefore, the percentage of IEDC approved in the Abstract Cost Estimate may attract several factors, which were unforeseeable at the time of preparation of the IA. The increase in IEDC due to delay in completion of the project, should be considered separately and if the delay has been condoned then the consequential increase in IEDC should also be capitalized.

3. After hearing review petitioner, the Commission reserved order on admission in the matter.

By order of the Commission

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

