

CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Petition No.367/TT/2018

Coram :

Shri P.K. Pujari, Chairperson

Dr. M. K. Iyer, Member

Shri I. S. Jha, Member

Date of Order: 1.11.2019

In the matter of

Approval under Regulation-86 of CERC (Conduct of Business) Regulations, 1999 and CERC (Terms and Conditions of Tariff) Regulations, 2014 for determination of Transmission tariff from DOCO to 31.3.2019 for "Salem Pooling Station – Madhugiri Pooling Station 765 kV S/C Line (initially charged at 400 kV) along with associated Bays & equipments at Salem PS and Madhugiri PS and 400 kV 63 MVAR line reactor at Madhugiri end only of the Salem Pooling Station – Madhugiri 765 kV S/C Line (Initially charged at 400 kV) under Common System Associated with Coastal Energen Private Limited & Ind-Bharat Power (Madras) Limited LTOA Generation Projects in Tuticorin Area – Part-B" in Southern Region.

And in the matter of

Power Grid Corporation of India Limited

"Saudamini", Plot No.2,

Sector-29, Gurgaon -122 001

....Petitioner

Versus

1. Karnataka Power Transmission Corporation Ltd.,
(KPTCL), Kaveri Bhavan,
Bangalore – 560 009
2. Transmission Corporation of Andhra Pradesh Ltd.,
(APTRANSCO), Vidyut Soudha,
Hyderabad – 500082



3. Kerala State Electricity Board (KSEB),
Vaidyuthi Bhavanam, Pattom,
Thiruvananthapuram – 695 004
4. Tamil Nadu Generation and Distribution Corporation Ltd. (TANGEDCO),
(Earstwhile Tamil Nadu Electricity Board),
NPKRR Maaligai, 800, Anna Salai,
Chennai – 600 002
5. Electricity Department,
Government of Goa, Vidyuti Bhawan,
Panaji, Goa 403001
6. Electricity Department,
Government of Pondicherry,
Pondicherry – 605001
7. Eastern Power Distribution Company of Andhra Pradesh Limited,
(APEPDCL), P&T Colony, Seethmmadhara,
Vishakhapatnam, Andhra Pradesh
8. Southern Power Distribution Company of Andhra Pradesh Limited,
(APSPDCL), Srinivasasa Kalyana Mandapam Backside,
Tiruchanoor Road, Kesavayana Gunta,
Tirupati-517 501, Andhra Pradesh
9. Central Power Distribution Company of Andhra Pradesh limited,
(APCPDCL), Corporate Office, Mint Compound,
Hyderabad – 500 063
10. Northern Power Distribution Company of Andhra Pradesh Limited,
(APNPDCL), Opp. NIT Petrol Pump, Chaitanyapuri, Kazipet,
Warangal – 506 004, Andhra Pradesh
11. Bangalore Electricity Supply Company Ltd. (BESCOM),
Corporate Office, K.R.Circle,
Bangalore – 560 001, Karanataka
12. Gulbarga Electricity Supply Company Ltd.(GESCOM),
Station Main Road,
Gulbarga, Karnataka
13. Hubli Electricity Supply Company Ltd. (HESCOM),
Navanagar, PB Road,
Hubli, Karnataka
14. MESCOM Corporate Office,
Paradigm Plaza, AB Shetty Circle,
Mangalore – 575 001, Karnataka



15. Chamundeswari Electricity Supply Corporation Ltd.(CESC),
927, L J Avenue Ground Floor,
New Kantharaj Urs Road, Saraswatipuram,
Mysore – 570 009, Karnataka
16. Coastal Energen Private Limited,
5th Floor, Buhari Towers, No. 4, Moores Road
Chennai – 600 006, Tamil Nadu
17. Ind-Bharath Power (Madras) Limited,
Plot No 30-A, Road No 1, Film Nagar, Jubilee Hills
Hyderabad – 500 033 Andhra Pradesh
18. Transmission Corporation of Telangana Limited,
Vidhyut Sudha, Khairatabad,
Hyderabad, 500082

...Respondents

Parties present:

For Petitioner: Shri Zafrul Hasan, PGCIL
Shri Vivek Kumar Singh, PGCIL
Shri S. K. Venkatesan, PGCIL
Shri S. S. Raju, PGCIL

For Respondent: Shri S. Vallinayagam, Advocate, TANGEDCO
Shri S. Anadi, Advocate, TANGEDCO

ORDER

The present petition has been filed by the Petitioner, Power Grid Corporation of India Ltd. (“PGCIL”) seeking approval of transmission tariff for “Salem Pooling Station – Madhugiri Pooling Station 765 kV S/C Line (initially charged at 400 kV) along with associated Bays & equipments at Salem PS and Madhugiri PS and 400 kV 63 MVAR line reactor at Madhugiri end only of the Salem Pooling Station – Madhugiri 765 kV S/C Line (Initially charged at 400 kV) under Common System Associated with Coastal Energen Private Limited & Ind-Bharat Power (Madras) Limited LTOA Generation Projects in Tuticorin Area – Part-B” in Southern Region (hereinafter referred as “transmission asset”) for 2014-19 tariff period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”).

2. The Petitioner has made the following prayers:



- (i) *Approve the Transmission Tariff for the tariff block 2014-19 for the assets covered under this petition.*
- (ii) *Admit the capital cost as claimed in the petition and approve the additional capitalization projected to be incurred.*
- (iii) *Tariff may be allowed on the estimated completion cost.*
- (iv) *Allow the Petitioner to approach Commission for suitable revision in the norms for O&M expenditure for claiming the impact of wage hike, if any, during period 2014-19.*
- (v) *Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided under clause 25 of the Tariff regulations 2014.*
- (vi) *Allow the petitioner to recover FERV on the foreign loans deployed as provided under clause 50 of the Tariff Regulations, 2014.*
- (vii) *Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 52 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014, and other expenditure (if any) in relation to the filing of petition.*
- (viii) *Allow the Petitioner to bill and recover Licensee fee and RLDC fees and charges, separately from the respondents in terms of Regulation 52 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.*
- (ix) *Allow the Petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2014-19 period, if any, from the respondents.*
- (x) *Allow the Petitioner to bill and recover GST on Transmission charges separately from the respondents, if GST on Transmission of electricity is withdrawn from the exempted (negative) list at any time in future. Further any taxes and duties including cess, etc. imposed by any Statutory/Govt./Municipal Authorities shall be allowed to be recovered from the beneficiaries.*

- (xi) *Allow tariff up to 90% of the Annual Fixed Charges in accordance with clause 7 (i) of Regulation 7 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 for purpose of inclusion in the PoC charges.*
- (xii) *Allow the Petitioner to bill Tariff from actual DOCO and also the Petitioner may be allowed to submit revised Certificate and tariff Forms (as per the Relevant Regulation) based on actual DOCO.*
and pass such other relief as Commission deems fit and appropriate under the circumstances of the case and in the interest of justice.

Background

3. The Investment Approval (hereinafter referred to as "IA") for the project "Transmission System Associated with Common System Associated with Coastal Energen Private Limited & Ind-Bharat Power (Madras) Limited LTOA Generation Projects in Tuticorin Area – Part-B" was accorded by Board of Directors of the Petitioner in 258th meeting held on 16.9.2011 for ₹194013 lakh including an IDC of ₹12092 lakh based on 1st Quarter, 2011 price level (communicated vide Memorandum No. C/CP/LTA Tuticorin Part-B dated 19.9.2011).

4. The administrative approval and expenditure sanction of Revised Cost Estimate-I (RCE-I) for the said project was accorded by the Board of Directors of Petitioner in 337th meeting held on 9.2.2017 for ₹270265 lakh including an IDC of ₹37891 lakh based on June, 2016 price level (communicated vide Memorandum No.C/CP/PA1617-02-0T-RCE008 dated 7.3.2017). The administrative approval and expenditure sanction of Revised Cost Estimate-II (RCE-II) of the transmission project was accorded by the Board of Directors of Petitioner in 364th meeting held on 27.3.2019 for ₹292269 lakh including an IDC of ₹33843 lakh based on October, 2018 price level (communicated vide Memorandum No.C/CP/PA1819-12-0BI-RCE005 dated 29.3.2019).

5. The scope of the scheme was discussed and agreed upon in 29th & 30th Standing Committee Meetings of Power System Planning in Southern Region. Apart from the generators namely Coastal Energen Private Limited (CEPL) and Ind-Bharat Power (Madras) Limited (IBPML), collectively proposing to generate about 2000MW, Tuticorin Area had number of existing / under construction generation projects like Tuticorin (1050 MW), Tuticorin JV (1000 MW), Kudankulam APP (2000 MW) and



expansion at Kudankulam APP with 2000 MW. Additionally, the area has been notified as a potential wind generation site (about 7000 MW is predicted). Looking into the siting of about 6500 MW (4000 MW existing/under construction and 2500 MW above generation) in the close proximity at the peninsular coast, it was found to be prudent to evolve a high capacity 765 KV transmission system so as to conserve right of way and charge the same initially at 400 KV level.

6. While seeking regulatory approval from the Commission in petition No. 233/2009, the Petitioner had cited the detailed reasons for conceiving the Transmission Assets including the fact that the Transmission Assets were proposed to be initially charged at the 400 kV level. The Commission further took notice of the approval accorded in the 29th Standing Committee on Power System Planning in Southern Region, where the instant transmission system was accorded approval to be charged at 400kV, and hence in the order for granting regulatory approval, the Commission granted the permission to construct a 765kV transmission line and initially charge it at 400kV which was to be stepped up in phases with the commissioning of the generating station. The Commission vide order dated 31.05.2010 in Petition No. 233/2009 has held as follows:-

Quote

“G. HCPTC-VII : Corridor for Tuticorin IPPs

22. *With regard to the progress of work in this corridor, the Petitioner has submitted the following:*

“This Corridor has been proposed for transfer of power from 2 nos of IPPs seeking LTOA for 2000 MW. Both the applicants have signed BPTA and submitted BG.

Based on the present exercise, it is seen that capacity of 1100 MW is likely to materialize with good degree of certainty. Further taking into consideration that the proposed HCPTC-VII corridor envisages only establishment of 765 kV corridor (initially charged at 400 kV) from Tuticorin area upto Bangalore, therefore, the corridor shall be utilized to large extent even with the commissioning of one project viz. Coastal Energen (1100 MW).

In view of the above, it is proposed that HCPTC-VII may be taken up for implementation, however, commissioning of the elements shall be phased out keeping in view the progress of the generating station.”

23. *From the material placed on record, we find that both the IPPs in this region have signed the BPTA and submitted the Bank Guarantee. Both projects have*



achieved their major milestones except the clearance from Ministry of Environment and Forest in respect of Ind-Barath Power Ltd (LTA 900 MW). Coastal Energen (LTA 1100 MW) is likely to materialize with good degree of certainty and supply of plant and machinery is expected from June, 2010. Hence, the corridor is urgently needed for evacuation of power. We endorse the suggestion of CTU that the corridor should be taken up for implementation; however, charging of line at 765 kV and commissioning of the elements shall be phased out keeping in view the progress of generating units.”

Unquote

7. The Petitioner has submitted that it has duly completed the scope of requisite transmission assets for enabling power flow in this corridor and all the connecting transmission network including the transmission lines being implemented under TBCB have been charged before declaring the COD of instant asset. As such, Tuticorin-Salem, Salem-Salem, Nagapattinam – Salem (TBCB line) and Gooty-Madhugiri lines are commissioned. It is also worthwhile to mention that out of the proposed two generators at Tuticorin, Coastal Energen Private Limited (CEPL) had declared its dedicated transmission line under commercial operation on 29.10.2016, whereas, Ind-Bharat Power (Madras) Limited (IBPML) has already abandoned its project.

8. The scope of work covered under the project “Transmission System associated with Common System Associated with Coastal Energen Private Limited & Ind-Bharat Power (Madras) Limited LTOA Generation Projects in Tuticorin Area – Part-B” in Southern Region is as follows:-

Transmission Line

- (i) Tuticorin Pooling Station – Salem Pooling Station 765kV D/C line initially charged at 400kV.
- (ii) Salem Pooling Station – Salem 400kV D/C Quad Line
- (iii) Salem Pooling Station – Madhugiri Pooling Station 765kV S/C Line initially charged at 400kV.

Sub Station

- (i) Establishment of 765kV/400kV Pooling Station at Salem (Initially charged at 400kV).



- (ii) Extension of 765/400kV Tuticorin Pooling Station
- (iii) Extension of 400/220kV Madhugiri Pooling Station
- (iv) Extension of 400/220kV Salem Substation

Line Reactors (400kV)

- (i) 80 MVAR Line Reactors at each end of both circuits of Tuticorin Pooling Station – Salem Pooling Station 765kV D/C line (initially charged at 400kV).
- (ii) 63 MVAR line reactors at Madhugiri end only of the Salem Pooling Station – Madhugiri 765kV S/C Line (Initially charged at 400kV).

9. The details of scope of work covered under various petitions is as under:-

S.N.	Name of Asset	Remarks
1	400 kV Salem Pooling Station (Dharmapuri) – Salem 400kV D/C Quad Line along with new 765/400kV Pooling Station at Salem (Dharmapuri) (initially charged at 400kV) and Bay Extensions at Salem 400/220kV existing Substation	Covered in petition no. 71/TT/2017
2	Tuticorin Pooling Station – Salem Pooling Station 765kV D/C line (initially charged at 400kV) along with Bay extensions at Salem PS and Tuticorin Pooling Station and 80 MVAR Line Reactors at each end of both circuits of Tuticorin Pooling Station – Salem Pooling Station 765kV D/C line (initially charged at 400kV)	Covered in petition no. 235/TT/2016
3	Salem Pooling Station – Madhugiri Pooling Station 765kV S/C Line (initially charged at 400kV) along with associated Bays & equipments at Salem PS and Madhugiri PS and 400KV 63 MVAR line reactor at Madhugiri end only of the Salem Pooling Station – Madhugiri 765kV S/C Line (Initially charged at 400kV)	Covered in the instant petition

10. The Petitioner had filed the instant petition claiming anticipated COD for the asset covered in the instant petition. However, vide affidavit dated 5.4.2019, the Petitioner has claimed the actual COD for the instant asset, and same is summarized as under:-



S. N.	Name of Asset	COD claimed at the time of filing of instant petition	COD claimed (Actual)
1	Salem Pooling Station – Madhugiri Pooling Station 765kV S/C Line (initially charged at 400kV) along with associated Bays & equipments at Salem PS and Madhugiri PS and 400KV 63 MVAR line reactor at Madhugiri end only of the Salem Pooling Station – Madhugiri 765kV S/C Line (Initially charged at 400kV)	31.8.2018 (Anticipated)	1.11.2018 (Actual)

11. Vide order dated 30.4.2019 Annual Transmission Charges were allowed under the proviso (i) to Regulation 7(7) of the 2014 Tariff Regulations for inclusion in the POC charges in respect of the instant asset.

12. The details of the annual transmission charges claimed by the Petitioner are as under:-

(₹ in lakh)	
Particulars	2018-19 (Pro-rata)
Depreciation	1585.00
Interest on Loan	1478.53
Return on Equity	1768.04
Interest on Working Capital	106.66
O&M Expenses	127.99
Total	5066.22

13. The details of the interest on working capital claimed by the Petitioner are as under:-

(₹ in lakh)	
Particulars	2018-19 (Pro-rata)
Maintenance Spares	46.08
O&M expenses	25.60
Receivables	2026.49
Total	2098.16
Rate of Interest	12.20%
Interest	106.66

14. The Petitioner has served the copy of the petition upon the respondents and notice of this tariff application has been published in the newspapers in accordance



with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the notices published by the Petitioner under Section 64 of the Electricity Act, 2003. Reply to the petition has been filed by TANGEDCO (Respondent no 4) vide their affidavits dated 5.4.2019 & 15.6.2019 and the Petitioner vide its affidavits dated 31.5.2019 & 1.8.2019 filed its rejoinder in the matter, respectively.

15. The Petition was last heard on 11.7.2019 and the Commission reserved the order in the Petition.

16. Having heard the representatives of the Petitioner present at the hearing and perused the material on record, we proceed to dispose of the petition.

17. This order has been issued after considering the main petition dated 23.8.2018 and Petitioner's affidavits dated 27.11.2018, 8.4.2019, 16.5.2019, 31.5.2019, 1.8.2019 and 2.8.2019 and replies dated 5.4.2019 & 15.6.2019 of the respondent, TANGEDCO.

Analysis and Decision

Date of Commercial Operation (COD)

18. The Petitioner has claimed the actual COD in respect of the assets covered under the instant petition as per the following details:

Asset Details	Actual COD (Claimed)
Salem Pooling Station – Madhugiri Pooling Station 765kV S/C Line (initially charged at 400kV) along with associated Bays & equipments at Salem PS and Madhugiri PS and 400KV 63 MVAR line reactor at Madhugiri end only of the Salem Pooling Station – Madhugiri 765kV S/C Line (Initially charged at 400kV)	1.11.2018

19. In support of the actual COD of the assets covered in the instant petition, the Petitioner has submitted CEA certificates dated 11.8.2016, 6.4.2017 & 10.10.2018 under Regulation 43 of Central Electricity Authority (Measures Relating to Safety and Electric Supply), Regulations, 2010, RLDC certificate dated 14.11.2018 in accordance with Regulation 5(2) of CERC (Terms and condition of Tariff) Regulations, 2014 and CMD certificate as required under Grid Code.



20. Taking into consideration the CEA Energisation certificate, RLDC charging certificate and CMD certificate as required under Grid Code submitted by the Petitioner, the COD of the instant asset is approved as 1.11.2018.

Capital Cost

21. Clause (1) and (2) of Regulation 9 of the 2014 Tariff Regulations provide as follows:-

“(1) The Capital cost as determined by the Commission after prudence check in accordance with this regulation shall form the basis of determination of tariff for existing and new projects”

(2) The Capital Cost of a new project shall include the following:

(a) The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;

(b) Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed;

(c) Increase in cost in contract packages as approved by the Commission;

(d) Interest during construction and incidental expenditure during construction as computed in accordance with Regulation 11 of these regulations;

(e) Capitalised Initial spares subject to the ceiling rates specified in Regulation 13 of these regulations;

(f) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with Regulation 14 of these regulations;

(g) Adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the COD as specified under Regulation 18 of these regulations; and

(h) Adjustment of any revenue earned by the transmission licensee by using the assets before COD.”



22. The Petitioner has submitted the apportioned approved cost as per Investment Approval and as per approved Revised Cost Estimate-I (RCE-I) and Revised Cost Estimate-II (RCE-II). The Petitioner has submitted Auditor Certificate dated 21.2.2019, claiming capital cost incurred as on COD as well as additional capitalization projected to be incurred during 2018-19 in respect of the instant asset which is summarized below:-

Apportioned Approved Cost (FR)	Apportioned Approved Cost (RCE-I)	Apportioned Approved Cost (RCE-II)	Cost up to COD	Projected Expenditure		Estimated Completion Cost
				2018-19	2019-20	
33278.14	64862.38	85972.72	71106.67	3009.39	2491.68	76607.74

(₹ in lakh)

Cost Over-run

23. We have considered the submissions of Petitioner and noted that against the total apportioned approved cost as per RCE-II of instant asset as mentioned in the table above, the estimated completion cost as on 31.3.2019 including additional capitalization is within the apportioned approved cost. Therefore, there is no cost overrun.

Time over-run

24. As per the Investment Approval (IA), the transmission scheme was scheduled to be commissioned within 36 months from the date of investment approval i.e. 16.9.2011. Accordingly, the Commissioning Schedule comes to 16.9.2014 against which the instant asset has been commissioned on 1.11.2018. Thus, there is a time overrun of 49 months 17 days (1507 days) in commissioning of the instant asset.

25. The Petitioner has submitted that the asset covered in the instant petition is delayed mainly due to ROW issues and court cases faced during the construction of 765kV S/C Madhugiri-New Salem (Dharmapuri) Transmission line. The Petitioner has submitted the following details to substantiate its claims:-

- (i) Delay due to right of way (ROW) issues from 17.10.2012 to 27.10.2018 of about 2201 days
- (ii) Delay due to court cases from 5.2.2013 to 20.11.2017 of about 1749 days.



Delay due to right of way (ROW) issues

26. The petitioner has submitted that in Karnataka, the construction work was standstill from October-12 to August-14 due to resistance by the land owners and Karnataka Raita Sangha demanding advance ex-gratia payment for tower footings and line corridor. Corridor compensation can be released to the land owners only after completion of revenue survey, submission of reports, approval of revenue authorities, identification of land owners and collection of documents. Due to non-availability of sufficient number of revenue surveyors, works were affected. The same was deliberated at various meetings held at the level of Secretary (Power), Power Minister, GOI and even PMO through meetings dated 9.6.2018, 11.7.2018 and 13.7.2018. Due to increased resistance from land owners for installation of transmission lines across the country and specifically in Karnataka, Ministry of Power (MOP), GOI constituted a committee to analyse the ROW issues for laying of transmission lines in the country and to suggest a uniform methodology for payment of compensation on this count. MOP constituted a committee with representatives from various State Government and others. After deliberations at various forums, guidelines for payment of compensation towards damages in regard to Right of Way issues in transmission lines was issued by MOP vide letter dated 15.10.15. On 20.04.17, land owners under Karnataka Raitha Sangha staged Dharna in front of PGCIL regional office demanding 100% of compensation for tower footing and 55% of land value under corridor and also demanding payment at market rate.

27. The Petitioner has submitted the detailed chronology of events pertaining to aforesaid ROW issues.

Delay due to Court Cases

28. The Petitioner has submitted that for the location 41/4 in Tamil Nadu section, a writ petition was filed by Sh. K. G. Sunder Raj in the Hon'ble High Court at Chennai, Tamil Nadu vide writ petition no. 29184/2012 dated 17.9.2012 praying for not to allow erection of the towers in his property. Vide order dated 5.2.2013, Hon'ble High Court of Tamil Nadu directed the Petitioner to approach the District Collector, Krishnagiri. Subsequently, the District Collector, Krishnagiri ruled in favor of the Petitioner and issued orders in this regard on 31.05.2014. However, Sh. K. G. Sunder Raj again filed cases in Hon'ble High Court vide writ petition no. 16312/2014



stating that the order given by District Collector, Krishnagiri is not correct. After several hearings, Hon'ble High Court ruled in favor of the Petitioner on 8.12.2015.

29. The Petitioner has further submitted that the casting of foundation at location no. 95/1 N in Tamil Nadu was objected by the land owner Sh. Muniraju. In this regard, the Petitioner requested District Collector, Krishnagiri vide letter dated 6.7.2013 to remove obstruction. At another location 42/3 the land owners approached Principle Civil Judge and JMFC, Sidlaghatta to issue stay orders for construction of line in the land which was under ownership dispute in the same Court vide case no: OS No: 156/2016. Court issued stay orders on 20.03.17 against construction of the line. After hearing both the parties, the Court vacated stay order on 16.2.18 based on undertaking submitted by the Petitioner for depositing the compensation amount in the Court. The same was deposited in the Court on 28.02.18. Hence the delay in completion of the line under this section is not attributable to the Petitioner. For location 49C/0 in Karnataka, a case was filed by Sh. Aravamuthan. K.V vide writ petition no. 47930/2012 in Hon'ble High Court, Karnataka, Bangalore seeking change of the route alignment. Hon'ble High court disposed the case on 8.2.2013 and directed District Magistrate to settle the case. District Magistrate issued order in favour of petitioner on 25.2.2013. However, works were stalled in spite of the DM orders and eventually after deploying police protection, the work got completed by July 2018. Between location 48/0 to 48/1 (line corridor) in Karnataka, a case was filed by Sh. B. K. Vinod Kumar and Sh. Vinayaka Vidya Samste vide writ petition no. 13596 – 13597/2014 in Hon'ble High Court, Karnataka, Bangalore seeking to change the route alignment. High court disposed the case on 24.6.2014 and directed District Magistrate to settle the case. DC order was issued on 27.5.2016. However, works were stalled in spite of the DC orders. Eventually another order was issued by DC on 20.11.2017 for revising the compensation amount. Subsequently, the work got completed by June-2018.

30. The Commission vide Provisional order dated 30.4.2019 directed the petitioner to submit the details of time over-run and chronology of activities along with documentary evidence as per the prescribed format. The petitioner vide affidavit dated 16.5.2019 has submitted details of time over-run and chronology of activities along with documentary evidence as below:



Sr. No	Activity	Schedule		Actual		Remarks, If any
		From	To	From	To	
1.	LOA	22/10/2011		22/10/2011		
2.	Supplies	22/10/2011	31/10/2013	22/10/2011	30/11/2017	Delay due to ROW issues and court case in transmission line. The detailed reasons of time over run have already been submitted in the petition.
3.	Foundation	01/03/2012	31/12/2013	01/02/2012	28/02/2017	
4.	Tower erection	01/06/2012	31/01/2014	01/05/2012	25/03/2018	
5.	Stringing	15/07/2012	31/03/2014	01/03/2013	30/09/2018	
6.	Testing and COD	15/02/2014	21/04/2014	01/10/2018	30/10/2018	

31. The respondent, TANGEDCO vide affidavit dated 5.4.2019 has submitted that petitioner has stated that there were insufficient number of surveyors for revenue survey and identification of land owners was a tedious job. TANGEDCO submitted that the petitioner should have done the route survey and assessed the ground reality before getting investment approval as the petitioner is a seasoned campaigner in execution of transmission projects. Since the project is being executed under cost plus route, the petitioner should have been more prudent in surveying and fixing the optimal route so as to optimize the completion time and cost. The reasons stated by the petitioner are not truly translating the cause of the delay since there were obstructions only in few locations.

32. In response, the petitioner vide affidavit dated 31.5.2019 has submitted that the respondent has wrongly interpreted the statement and stated that “the petitioner has stated that insufficient number of surveyors for revenue survey and identification of land owners was a tedious job”. In this regards it has stated that, Corridor compensation can be released to the land owners only after completion of revenue survey, submission of reports, approval of revenue authorities, identification of land owners and collection of documents. Further, revenue survey and identification of land owners over the length of the line i.e. 154.5km (i.e. approx. 3250 acres) is not only tedious but also involves coordination between government departments like Revenue and Registration. Matter was taken up with State administration for expeditious completion of revenue survey works. However, due to non-availability of sufficient no. of revenue surveyors with District administration, works in the transmission line were affected. The same was deliberated at various meetings held



at the level of Secretary (Power), Power Minister, GoI and even PMO through meetings dated 09.06.2018, 11.7.2018 and 13.7.2018. Matter has been taken up at various levels in State Government of Karnataka including Chief Minister and Chief Secretary.

33. We have considered the submissions of Petitioner and Respondent. The instant asset has been put into commercial operation on 1.11.2018 with a time delay of 49 months 17 days (1507 days). As per the submissions of petitioner the instant asset was delayed due to Right of way (ROW) problems at various locations in construction of transmission line and filing of court cases pertaining to construction of transmission line.

34. The Petitioner has submitted the details of events in chronological order in respect of RoW issues at various locations in its petition. RoW problems continued till 27.10.2018. The Petitioner has submitted that from 17.10.2012 to 13.7.2018 the petitioner was compelled to deal with the issues of Right of Way and compensation of land owners.

35. The Petitioner has submitted extensive details of correspondences exchanged with various Authorities alongwith supporting documents. From the submission, it is clear that RoW issues from 17.10.2012 to 27.10.2018 (2201 days) at various locations affected the work of the instant asset. The time over run of 2201 days on account of RoW problems was beyond the control of the Petitioner and this delayed the schedule commissioning of the asset. However, the Petitioner has compressed the execution time and commissioned the instant asset with overall delay of 1507 days. Therefore, the overall time over run of 1507 days in commissioning of Asset-I is condoned.

Interest During Construction (IDC)

36. The Petitioner has claimed Interest During Construction (IDC) for the instant assets and has submitted the Auditor Certificate dated 21.2.2019 in support of the same. The Petitioner has submitted computation of IDC along with the year-wise details of the IDC discharged which is summarized as under:-



(₹ in lakh)

IDC as per Auditor Certificate	IDC discharged up to COD	IDC discharged year-wise	
		2018-19	2019-20
6758.63	6152.88	245.01	360.74

37. The IDC up to the COD has been worked out on cash basis after considering the loan details given in the statement showing discharge of IDC and Form-9C for the instant asset. The loan portfolio which is mentioned in IDC statement and in Form-9C is not matching. Hence, for the purpose of determination of allowable IDC, the loan amount as mentioned in Form-9C has been considered. The Petitioner is directed to submit the detailed IDC statement by rectifying the same at the time of true up.

38. It is observed that the Petitioner has calculated IDC on foreign loan and then allocated the same to various project/assets. Hence, the asset level IDC computation is not verifiable. The petitioner has submitted the drawl date wise amount of loan in foreign currency and its exchange rate and converted into INR as on COD. The information furnished is useful only for determining the value of foreign loan in INR but not for computation of IDC. Therefore, the IDC mentioned for foreign loan as provided by the petitioner has been considered. However, the Petitioner is directed to submit, at the time of true up, the IDC calculation of all foreign loans and its allocation to various projects and allocation to P&L account so that documents shall be referred to allow IDC claimed for the concerned projects.

39. Accordingly, the IDC claimed and considered as on COD and summary of discharge of IDC liability up to COD and thereafter, for the purpose of tariff determination, subject to revision at the time of true up is as below:-

(₹ in lakh)

IDC claimed as per Auditor Certificate	IDC admissible	IDC Discharged upto COD	Undischarged IDC as on COD	Year-wise IDC discharged	
				2018-19	2019-20
6758.63	6682.33	5984.01	698.82	348.64	350.18



Incidental Expenditure During Construction (IEDC)

40. The Petitioner has claimed IEDC of ₹3790.66 lakh for the instant asset. The claimed IEDC is beyond the percentage of hard cost of 5% as indicated in the FR abstract cost estimate. Accordingly, the IEDC is restricted to ₹3178.34 lakh and IEDC of ₹612.32 lakh is disallowed. Further, the Petitioner submitted that entire IEDC claimed in Auditor Certificates is on cash basis and is paid up to COD of the instant asset. Hence, the IEDC of ₹3178.34 lakh has been allowed and considered for the purpose of tariff calculation.

Initial Spares

41. This has been dealt in line with Regulation 13 of the 2014 Tariff Regulations. The details of initial spares claimed by the Petitioner is as follows:-

(₹ in lakh)			
Element	Plant and Machinery Cost excluding IDC, IEDC and Land Expenditure as on cut-off date	Initial spares claimed	Ceiling limit as per Regulations (%)
Transmission Line	34602.00	340.00	1%
Sub-Station	1061.55	59.00	6%

42. We have considered the submissions made by the Petitioner. The initial spares allowed for the purpose of tariff calculation after considering the Plant and Machinery cost excluding IDC, IEDC and Land expenses up to 31.3.2019, subject to true-up are as under:-

(₹ in lakh)				
Element	Plant and Machinery Cost excluding IDC, IEDC and Land expenditure (up to 31.3.2019)	Initial spares claimed	Initial spares allowed	Excess Initial spares disallowed
TL	32139.75	340.00	321.21	18.79
S/S	1032.12	59.00	59.00	0.00

Capital cost as on COD

43. Accordingly, the capital cost allowed as on COD under Regulation 9(2) of the 2014 Tariff Regulations is summarized as under:-



(₹ in lakh)

Capital Cost claimed as on COD	Computational difference in IDC	Undischarged IDC liability	Disallowed IEDC	Disallowed Excess Initial spares	Capital Cost as on COD considered for tariff calculation
1	2	3	4	5	6=(1-2-3-4-5)
71106.67	76.30	698.82	612.32	18.79	69700.43

Additional Capital Expenditure (ACE)

44. As per Clause (13) of Regulation 3 of the 2014 Tariff Regulations, the cutoff date for instant asset is 31.3.2021. The Petitioner has claimed the following ACE on estimation basis in respect of the instant asset and submitted the Auditor Certificate in support of the same:-

(₹ in lakh)

Year	Work/ equipment proposed to be added after COD to cutoff date/ beyond cutoff date	Amount capitalized and proposed to be capitalized	Regulation under which covered
2018-19	Accrual IDC	245.01	14(1)(i) & 14(1)(ii)
	Add Cap to the extent of unexecuted work	3009.39	
	Total	3254.59	
2019-20	Accrual IDC	360.74	
	Balance and retention payment	959.03	
	Add Cap to the extent of unexecuted work	1532.65	
	Total	2852.42	

45. Since, FY 2019-20 falls beyond the tariff period 2014-19 and is not covered under the 2014 Tariff Regulation, the projected ACE claimed by the Petitioner for FY 2019-20 has been ignored for the purpose of tariff and shall be dealt during the next tariff period as per extant tariff Regulations.

46. The Petitioner has claimed additional capital expenditure towards Balance and Retention payments. The admissible un-discharged IDC liability as on COD has been allowed as ACE during the year of its discharge. The allowed Additional Capital expenditure are summarized below which is subject to true up:-

(₹ in lakh)

Particulars	Regulation	2018-19
ACE to the extent of Balance & Retention Payment	14 (1)(i)	0.00
ACE to the extent of unexecuted work	14 (1)(ii)	3009.39
IDC Discharged	14 (1)(i)	348.64
Total Add-Cap allowed for tariff		3358.03



Capital cost for the tariff period 2014-19

47. Accordingly, the capital cost considered for the tariff period 2014-19, subject to truing up, is as follows:-

(₹ in lakh)

Capital Cost allowed as on COD	Add Cap for 2018-19	Total Estimated Completion Cost up to 31.3.2019
69700.43	3358.03	73058.46

Debt-Equity Ratio

48. Debt-Equity Ratio is considered as per Regulation 19 of the 2014 tariff Regulations. The financial package up to COD as submitted in form 6 has been considered to determine the debt-equity Ratio. The capital cost allowed as on the date of commercial operation arrived at as above and additional capitalization allowed have been considered in the debt-equity ratio of 70:30. The debt-equity as on dates of commercial operation and 31.3.2019 considered on normative basis are as under:-

(₹ in lakh)

Particular	Capital cost as on COD		Capital cost as on 31.3.2019	
	Amount	%	Amount	%
Debt	48790.30	70.00	51140.92	70.00
Equity	20910.13	30.00	21917.54	30.00
Total	69700.43	100.00	73058.46	100.00

Return on Equity (ROE)

49. The Petitioner has submitted that RoE has been calculated at the rate of 19.61% after grossing up the RoE with MAT rate of 20.961% as per the above Regulations. The Petitioner has further submitted that the grossed up RoE is subject to truing up based on the effective tax rate of respective financial year applicable to the Petitioner Company.

50. We have considered the submissions made by the Petitioner and Regulation 24 read with Regulation 25 of the 2014 Tariff Regulations provides for grossing up of return on equity with the effective tax rate for the purpose of return on equity. It further provides that in case the generating company or transmission licensee is paying Minimum Alternative Tax (MAT), the MAT rate including surcharge and cess will be considered for the grossing up of return on equity. Accordingly, the MAT rate applicable during 2013-14 has been considered for the purpose of return on equity,



which shall be tried up with actual tax rate in accordance with Regulation 25 (3) of the 2014 Tariff Regulations.

51. Accordingly, the ROE allowed is as follows:-

Particulars	(₹ in lakh)
	2018-19 (Pro-rata)
Opening Equity	20910.13
Addition due to Additional Capitalization	1007.41
Closing Equity	21917.54
Average Equity	21413.83
Return on Equity (Base Rate)	15.50%
MAT rate	20.961%
Rate of Return on Equity (Pre-tax)	19.611%
Return on Equity (Pre-tax)	1737.31

Interest on Loan (IOL)

52. The IOL has been calculated as per the provisions of Regulation 26 of the 2014 Tariff Regulations as detailed below:-

- a) The Gross Normative loan has been considered as per the Loan amount determined based on the debt equity ratio applied on the allowed capital cost.
- b) The depreciation of every year has been considered as Normative repayment of loan of concerned year;
- c) The weighted average rate of interest on actual loan portfolio has been worked out by considering the Gross amount of loan, repayment & rate of interest as mentioned in the petition, which has been applied on the normative average loan during the year to arrive at the interest on loan.

53. The Petitioner has submitted that the IOL has been claimed on the basis of rate prevailing as on COD and the change in interest due to floating rate of interest applicable, if any, needs to be claimed/ adjusted over the tariff block 2014-19. We have calculated IOL on the basis of rate prevailing as on the date of commercial operation. Any change in rate of interest subsequent to the date of commercial operation will be considered at the time of truing-up. The IOL is allowed considering all the loans submitted in Form-9C. The Petitioner is directed to reconcile the total Gross Loan for the calculation of weighted average Rate of Interest and for the calculation of IDC, which would be reviewed at the time of truing-up.



54. The details of IOL calculated are as follows:-

Particulars	(₹ in lakh)
	2018-19 (Pro-rata)
Gross Normative Loan	48790.30
Cumulative Repayment up to previous Year	0.00
Net Loan-Opening	48790.30
Addition due to Additional Capitalization	2350.62
Repayment during the year	1557.38
Net Loan-Closing	49583.54
Average Loan	49186.92
Weighted Average Rate of Interest on Loan	7.1409%
Interest on Loan	1453.08

Depreciation

55. Depreciation has been dealt with in line of Regulation 27 of 2014 Tariff Regulations. The instant assets were put under commercial operation during 2018-19. Accordingly, it will complete 12 years beyond the tariff period 2014-19. As such, depreciation has been calculated annually based on Straight Line Method at the rates specified in Appendix-II to the 2014 Tariff Regulations. Details of the depreciation allowed are as under:-

Particulars	(₹ in lakh)
	2018-19 (Pro-rata)
Opening Gross Block	69700.43
Additional Capital expenditure	3358.03
Closing Gross Block	73058.46
Average Gross Block	71379.44
Rate of Depreciation	5.2740%
Depreciable Value	71211.54
Remaining Depreciable Value	71211.54
Depreciation	1557.38

Operation and Maintenance Expenses (O&M Expenses)

56. The Petitioner has claimed the following O&M expenses for the assets covered in the instant petition:-

Particulars	(₹ in lakh)
	2018-19 (Pro-rata)
O & M Expenses	127.99

57. The Petitioner has submitted that norms for O & M Expenses for the tariff period 2014-19 have been arrived on the basis of normalized actual O & M Expenses during the period 2008-13. The Petitioner has further submitted that the

wage revision of the employees of the Petitioner is due during the 2014-19 tariff period and actual impact of wage hike, which will be effective at a future date, has not been factored in fixation of the normative O & M rate specified for the tariff period 2014-19. The Petitioner has submitted that it would approach the Commission for suitable revision in norms for O & M Expenses for claiming the impact of wage hike during 2014-19, if any.

58. The Respondent, TANGEDCO, has submitted that the request for revision of O&M rates should not be allowed as there is no provision in 2014 Tariff Regulations for revising the normative O & M charges based on the actual. TANGEDCO has further submitted that the O & M rates are arrived based on past five years actual O & M Expenses which include the wage hikes during the previous five years and 10% margin over and above the effective CAGR of O & M Expenses have been allowed. The beneficiaries are over-burdened due to the exorbitant O & M rates when compared to the rates of State Transmission Utilities.

59. In response, the Petitioner has submitted that, the actual impact of wage hike which is effective from 1.1.2017 has not been factored in fixation of the normative O&M rates prescribed for 2014-19 tariff block.

60. Norms for O & M expenditure for Transmission System have been specified under section 29 (4) of Tariff Regulation are as follows:-

Element	2018-19
Transmission Line: Single Circuit (Bundled conductor with four or more sub-conductors) (₹ in lakh per km)	0.691
Sub-Station: 400 kV bay (₹ in lakh per bay)	68.71

61. We have considered the submissions made by the Petitioner and Respondents. The O & M Expenses have been worked out as per the norms of O&M Expenses specified in the 2014 Tariff Regulations. Accordingly, the allowed O&M Expenses for the year 2018-19 is given below:-

Details	(₹ in lakh) 2018-19 (Pro-rata)
245.65 km Salem-Madhugiri 765 kV line Single Circuit (Bundled conductor with four or more sub-conductors)	69.75
2 Nos 400 kV Bays	56.47
Total	126.23



Interest on Working Capital (IWC)

62. As per the 2014 Tariff Regulations the components of the working capital and the interest thereon are discussed hereinafter:-

a) Maintenance spares:

Maintenance spares @ 15% Operation and maintenance expenses specified in Regulation 28.

b) O & M expenses:

Operation and maintenance expenses have been considered for one month of the O & M expenses.

c) Receivables:

The receivables have been worked out on the basis of 2 months' of annual fixed cost as worked out above.

d) Rate of interest on working capital:

As per Clause 28 (3) of the 2014 Tariff Regulations, SBI Base Rate (8.70%) as on 01.04.2018 Plus 350 Bps i.e. 12.20% have been considered as the rate of interest on working capital for the Assets.

63. Accordingly, the interest on working capital is summarized as under:-

Particulars	(₹ in lakh)
	2018-19 (Pro-rata)
Maintenance Spares	45.77
O&M expenses	25.43
Receivables	2005.82
Total	2077.02
Rate of Interest	12.20%
Interest	104.83

Annual Transmission charges

64. Accordingly, the annual transmission charges being allowed for the instant assets are as under:-

Particulars	(₹ in lakh)
	2018-19 (Pro-rata)
Depreciation	1557.38
Interest on Loan	1453.08
Return on Equity	1737.31
Interest on Working Capital	104.83
O & M Expenses	126.23
Total	4978.83

Filing fee and the publication expenses

65. The Petitioner has sought reimbursement of fee paid by it for filing the petition and publication expenses, in terms of Regulation 52 of the 2014 Tariff Regulations. The Petitioner shall be entitled for reimbursement of the filing fees and publication expenses in connection with the present petition, directly from the beneficiaries on pro-rata basis in accordance with clause (1) of Regulation 52 of the 2014 Tariff Regulations.

License fee and RLDC Fees and Charges

66. The Petitioner has prayed to allow the Petitioner to bill and recover License fee and RLDC fees and charges, separately from the respondents. We are of the view that the Petitioner shall be entitled for reimbursement of license fee and RLDC fees and charges in accordance with Clause (2)(b) and (2)(a) of Regulation 52 in the 2014 Tariff Regulations.

Goods and Services Tax

67. The Petitioner has prayed for reimbursement of tax, if any, on account of implementation of GST. GST is not levied on transmission service at present and we are of the view that Petitioner's prayer is premature.



Sharing of Transmission Charges

68. The respondent, TANGEDCO has submitted the following in respect of sharing of Transmission charges:-

- a) The issue of sharing of transmission charges and mitigation of risk due to the non-committed IPP developers was deliberated in the Special meeting of the SRPC held at Mamallapuram on 25.11.2010 and the petitioner had clarified that except for the LTA quantum for which beneficiaries has been identified, the liability of the transmission charges would continue to be with the IPPs.
- b) The scheme was evolved based on the commitment of the IPPs. However, as per the statement of the petitioner, among the IPPs only CEPL has commissioned its project. TANGEDCO had entered into PPA for 558 MW with CEPL. The remaining LTA quantum of the IPPs was untied. In spite of it, the petitioner went on to implement the schemes.
- c) The Empowered Committee vide the minutes of the 25th meeting held on 1st February, 2010 while approving the schemes associated with IPPs to be executed under TBCB and on cost plus basis has emphasized as below:

“Before awarding the scheme to the prospective Transmission service provider, it should be ensured that the associated generation projects have made satisfactory progress in order to avoid creation of redundant transmission assets”

- d) The detailed procedure under Regulation 27 of CERC (Procedure, Terms and Conditions for grant of Transmission License and other related matters) Regulations, 2009 also stipulates as below:

“For the balance capacity (not exceeding 50% of LTA sought for) for which exact source of supply or destination could not be firmed up on long-term basis, the Augmentation/ system strengthening further from the target region shall be taken up only after identification of exact source/ destination. CTU shall be allowed up to 3 years’ time for such augmentation/ system strengthening from the target region to the exact source/ destination. During such period the applicant shall be liable to pay the transmission charges up to the target region.”

- e) The petitioner has failed to ascertain the requirement of the whole transmission system intended to develop for evacuation of power without any possibility of bringing the generators and end beneficiaries into the network connectivity. In



the absence of both generation as well as target beneficiaries, the intended transmission system will not serve its purpose rather it will pileup the financial burden on the existing DICs. There is no upstream connectivity at 765 kV level and no target beneficiary at Salem Pooling station or beyond. This condition makes the instant asset redundant and uneconomical.

- f) As per the direction of the Commission vide order dated 01.03.2018 in petition No. IA/1/2018 that M/s CEPL has relinquished 542 MW of LTA out of 1100MW. Also, it is learnt that M/s IBPL has abandoned the generation project.
- g) The Commission in the matter of determination of relinquishment charges, vide its order dated 8th March, 2019 in petition No.92/MP/2015 had directed as below:

“(G) Manner of recovery and utilization of relinquishment charges collected

158. Regulation 18 (3) of the Connectivity Regulations provides as under:-

“The compensation paid by the long-term customer for the stranded transmission capacity shall be used for reducing transmission charges payable by other long-term customers and medium-term customers in the year in which such compensation payment is due in the ratio of transmission charges payable for that year by such long-term customers and medium-term customers.”

159. As per the above provision, the relinquishment charges paid by LTA customers shall be used for reducing transmission charges payable by other long term and medium term customers in the year in which such compensation is due in the ratio of transmission charges payable for that year by such long term customers and medium term customers. Therefore, Yearly Transmission Charges (YTC) shall be reduced by actual charges received towards relinquishment by relinquishing long term customers in terms of the above Regulation. Accordingly, the Petitioner is directed to keep the charges collected towards relinquishment in a separate account and utilize the same as directed above. Any interest accrued on this amount shall be credited in the account itself.”

- h) In view of the above directions, the petitioner is liable to quantify the stranded transmission capacity and assess the relinquishment charges and place on record the total anticipated reduction in the YTC.

69. In response, the petitioner vide affidavit dated 31.5.2019 has submitted the following:-



- 1) The Commission has observed in numerous cases that mismatch between generation and transmission is not always unavoidable after a certain point of time and generator/ transmission licensee can go ahead for declaring COD where the delay of other party is beyond control. The function of transmission licensee attracts huge financial investments and cannot always be withheld/ postponed indefinitely while CTU discharges its regulatory functions.
- 2) The entire transmission system has been implemented to facilitate power flow on-to various beneficiaries of Southern Region, which has commenced with operationalization of 558MW from Coastal Energen by TANGEDCO.
- 3) TANGEDCO has started utilizing the transmission system for evacuation of power through a PPA, hence, the requirement under Tariff Regulations for inclusion of transmission asset in POC has been met. The petitioner has duly constructed a 765 kV sub-station along with the 765 kV transmission lines, the 400 kV bays has been implemented after due deliberations and approvals from the RPCs, minutes of which are already placed on record by the petitioner in its main petition. The petitioner has installed 400kV bays but the same shall be replaced with 765kV bays as and when the capacity needs to be stepped-up. The transmission system is a part of mesh network and being utilized for transfer of power in central grid.

70. Subsequently, TANGEDCO vide affidavit dated 15.6.2019 has submitted the following:-

- (i) The Petitioner is misleading the Commission by repeatedly stating that the Transmission system has been implemented to ensure power flow for various beneficiaries in the Southern Region but they have failed to identify the end beneficiaries beyond Salem Pooling Station but trying to establish that due to meshed physical nature of the transmission system there is power flow which is utilized by all beneficiaries of Southern region. Any transmission element connected to the meshed network will have power flow which may not serve the intended purpose. The Petitioner has failed to appreciate that such redundant assets will not only increase the cost, but also will create overvoltage problems warranting further investments to curtail the same.

Neither CTU nor the Petitioner is carrying out any comprehensive study to avert such commercial exploitations.

- (ii) TANGEDCO has already been drawing power of 558 MW from M/s. CAPL through the LILO of Tuticorin JV- Madurai 400 kV D/C line. The Petitioner has continued to commission the Tuticorin PS -Salem 765 kV D/C line, charged at 400 kV, even though there was no beneficial use of this corridor, rather establishing a circulating flow in this system. This instant asset is also now redundant and no way going to serve the intended purpose.

71. In response, the petitioner vide affidavit dated 1.8.2019 submitted the following:-

- (i) The asset covered in the instant petition is part of the High Capacity Power Transmission Corridor-VII (Tuticorin corridor) (HCPTC-VII). The HCPTC-VII was planned for the LTOA applications received by CTU from the IPPs located in the Tuticorin area in Tamil Nadu. The transmission system evolved for evacuation of power included following system:-

Common system associated with Coastal Energen Pvt. Ltd. (CEPL) and Ind-Bharat Power (Madras) Ltd. LTOA generation projects in Tuticorin Area – Part-A:

- Establishment of 765 kV pooling station in Tuticorin (Initially charged at 400 kV) including 1x80 MVAR bus reactor
- LILO of both circuits of Tuticorin JV – Madurai 400 kV D/c (quad) line at Tuticorin Pooling Station

Common system associated with Coastal Energen Pvt Ltd.(CEPL) and Ind-Bharat Power (Madras) Ltd. LTOA generation projects in Tuticorin Area – Part-B:

- Establishment of 765/400 kV Pooling Station at Salem (Initially charged at 400 kV).
- Tuticorin Pooling station – Salem Pooling station 765 kV D/c line initially charged at 400 kV.
- Interconnection of Salem pooling station with existing Salem 400/230 kV substation through 400 kV D/c (quad) line.



- Salem pooling station – Madhugiri pooling station 765 kV S/c initially charged at 400 kV.

(ii) The Commission vide order dated 31.05.2010 granted regulatory approval for HCPTC-VII in Petition no. 233/2009 wherein commission has held as follows:-

Quote:

“From the material placed on record, we find that both the IPPs in this region have signed the BPTA and submitted the Bank Guarantee. Both projects have achieved their major milestones except the clearance from Ministry of Environment and Forest in respect of Ind -Barath Power Ltd (LTA 900 MW). Coastal Energen (LTA 1100 MW) is likely to materialize with good degree of certainty and supply of plant and machinery is expected from June, 2010. Hence, the corridor is urgently needed for evacuation of power. We endorse the suggestion of CTU that the corridor should be taken up for implementation; however, charging of line at 765 kV and commissioning of the elements shall be phased out keeping in view the progress of generating units.”

Unquote

(iii) In terms of directions issued by the Commission, the progress of the generation project (s) associated with the subject transmission system was continuously & closely monitored by CTU during the quarterly held Joint Coordination Committee (JCC) meetings and the minutes of the same were uploaded on the CTU website for information of all the stake holders as well forwarded to Commission. The gist with relevant comments of various JCC meetings are tabulated below:-

JCC	Date	CEPL	IBMPL
8th	02.07.2012	Representative of CEPL indicated that the progress of generation project (2x600MW) is satisfactory. The Boiler for the Unit-I has already been tested and drawl of start-up power is expected by November, 2012 & the COD is expected by February/ March, 2013.	Representative of IBMPL informed that they have fuel allocation for Unit-I of 660 MW from MCL. Further, it was informed that BTG, ACC and BOP has already been awarded and all the statutory clearances have already been obtained.
9th	12.04.2013	There was no representation from CEPL side, however earlier they had indicated that the COD is scheduled for Unit-I as October 2013 and Unit-2 as March, 2014	The representative of IRPML has informed that their generation project progress is as per schedule. The Boiler. ESP & TG foundations are completed. He has further informed that they are



JCC	Date	CEPL	IBMPL
			targeting synchronization of Unit- I by 3rd quarter of 2014
10th	12.02.2014 & 21.02.2014	Not attended	IBMPL informed that generation project is getting delayed due to coal issues and the commissioning schedule of Unit-I : June, 2016 and Unit-II would be beyond 2017-18
11th	21.01.2015	The COD of Unit 1 was achieved in Dec'14 and COD of Unit 2 is expected by Aug-Sep' 15	M/s IBMPL assured that the project is very much alive but is facing issues related to its finances
12th	26.05.2015	U-1: commissioned U-2: Nov/Dec' 15	U1: Mar' 17 U2: not awarded
13th	06.10.2015	U-1: commissioned U-2: Nov/Dec' 15	U1: Jun' 18 U2: not awarded
14th	16.02.2016	U-1 & 2: commissioned	U1: Jun' 18 U2: Abandoned
15th	10.06.2016	U-1 & 2: commissioned	U1: Dec' 18 U2: Abandoned
16th	30.09.2016	U-1 & 2: commissioned	Project Uncertain

- (iv) From the above status reports submitted by CEPL & IBMPL in various JCC meetings, it is evident that the both the generators have always stated that the generation project is being implemented and the same shall be available matching with the timeframe of the transmission lines. CEPL had commissioned one of its units by 13th SR JCC held on 06.10.2016 & IBMPL had intimated that units are delayed but the project is alive. Accordingly, it was decided to implement the transmission system in phases and charge the entire 765 kV corridor at 400 kV level initially and depending on the progress of the generation project the corridor could be charged at its rated voltage of 765kV level.
- (v) It was only in the 14th SR JCC held on Feb, 2016, it was indicated that Unit 2 was abandoned by IBMPL wherein CTU advised to regularize the reduction in LTA in case abandonment of Unit 2 is confirmed. Towards this, representative from IBMPL confirmed that they are aware that as per Regulation, upon completion of associated corridor, they are liable for payment of transmission charges. The same was also recorded in the minutes of 16th JCC held on 30.09.2016. However IBMPL did not regularize or relinquish the LTA.

(vi) Subsequently, in accordance with the discussions in the 21st meeting of Southern region constituents regarding LTA and Connectivity applications in Southern Region held on 19.11.2016, letters towards operationalization of LTAs of CEPL and IBMPL were issued on 01.12.2016. However, LC was not opened by CEPL and IBMPL corresponding to their LTA quantum. In the absence of payment security mechanism not being established by the applicant, bills were not raised to CEPL & IBMPL. Subsequently, CEPL approached the Commission for relinquishment of 542 MW in Petition No. 246/MP/2016, wherein the Commission vide order dated 01.03.18 has held as under:-

“In view of the relinquishment of the LTA by the Petitioner, there is no requirement for the Petitioner to open the LC and pay transmission charges for the relinquished capacity. However, the Petitioner is directed to keep the Bank Guarantee alive till the decision in Petition No. 92/MP/2015. It is clarified that all other aspects of relinquishment shall be dealt with in the final order”.

(vii) Accordingly, CEPL was being billed for 558 MW of LTA. However, on account of poor progress of generation project of IBMPL, its TSA was terminated on 09.11.2018 and LTA has also been revoked on 24.12.2018 as per the terms and conditions of BPTA / CERC Regulations as amended from time to time and directions of Commission in various petitions.

(viii) With respect to contentions raised by respondent, it is submitted that the LILO of Tuticorin JV – Madurai 400kV D/c line was allowed to IPP developer as an interim arrangement in absence of the availability of Tuticorin Pooling Station. However, upon commissioning of Tuticorin pooling station, the developer was required to restore the interim LILO arrangement and implement the dedicated transmission line from generation project to Tuticorin pooling station in matching time frame.

(ix) Accordingly, developer has restored the Tuticorin JV – Madurai 400 kV Quad D/c line after commissioning of Tuticorin PS and its dedicated transmission line. Further, it is to note that Tamil Nadu is not absorbing the 558 MW at Tuticorin area only which a generation hub and instead the loads centers are spread across the entire Tamil Nadu State. For the same transfer of power under LTA the ISTS network is being utilized by the State of Tamil Nadu.

(x) The transmission charges was in line with the Sharing Regulations, wherein the transmission charges for the capacity firmed up through long term PPA is paid by the beneficiary and the transmission charges for the balance untied capacity is paid by the generation project who have availed LTA on target region. Therefore, the Petitioner all along had been presenting the correct picture with regard to sharing of transmission charges. Now, in the changed scenario, IPPs had resorted to relinquishment of LTAs in accordance with their right under CERC Connectivity Regulations, 2009, most likely to avoid liability towards payment of transmission charges. The Commission vide its order on 08.03.2019 in the Petition No. 92/MP/2015 has prescribed a methodology for determination of the relinquishment charges which CTU has already carried out and the corresponding stranded capacity and the relinquishment charges has been determined and placed on CTU website on 25.05.2019.

72. We have considered the submissions of TANGEDCO and the petitioner. Neither TANGEDCO nor the Petitioner has denied the quantum of 558 MW LTA being operated against the total LTA capacity of 2000 MW. The transmission line (765 kV) has been charged at 400 kV level which is sufficient to carry power for CEPL and utilization of transmission capacity. It is observed from the Single Line Diagram (SLD), that the instant asset is put to use, since, Salem Pooling Station is connected to existing Salem (400 kV) Sub-station and to Madhugiri Sub-station. The instant asset forms part of the meshed network. Therefore, the transmission charges associated with the instant assets shall be recovered through POC mechanism. The issue raised by TANGEDCO is that it will have to bear entire transmission charges because only it has PPA for 558 MW. Post notification of 2010 Sharing Regulations, 2010, no asset is bilaterally billed, once it is put under POC pool and it is being borne by the beneficiaries/ DICs who are using the asset. Hence, concerns of TANGEDCO are addressed.

73. Accordingly, the Transmission Charges for the asset covered in the instant petition shall be recovered on monthly basis in accordance with Regulation 43 of the 2014 Tariff Regulations. The billing, collection and disbursement of the transmission charges approved shall be governed by the provisions of Central Electricity



Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010, as amended from time to time.

74. This order disposes of Petition No.367/TT/2018.

**Sd/-
(I. S. Jha)
Member**

**Sd/-
(Dr. M. K. Iyer)
Member**

**Sd/-
(P. K. Pujari)
Chairperson**

