

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Review Petition No. 49/RP/2018  
in  
Petition No. 208/TT/2017**

**Coram:**

**Shri P. K. Pujari, Chairperson  
Dr. M. K. Iyer, Member**

**Date of Order : 07.02.2019**

**In the matter of:**

Petition under Section 94 (1) (f) of the Electricity Act, 2003 read with Regulation 103 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 for review of the order dated 20.9.2018 passed by the Commission in Petition No. 208/TT/2017.

**And in the matter of:**

Power Grid Corporation of India Limited  
"Saudamini", Plot No.2,  
Sector-29, Gurgaon -122 001

**.....Review Petitioner**

**Vs**

1. Karnataka Power Transmission Corporation Ltd.,  
Kaveri Bhawan, K.G.Road,  
Bangalore – 560 009.
2. Transmission Corporation of Andhra Pradesh Ltd.,  
Vidyut Soudha , Khairatabad,  
Hyderabad – 500 082
3. Kerala State Electricity Boards,  
Vydyuthi Bhavanam,  
Thiruvananthapuram – 695 004.



4. Tamil Nadu Generation and Distribution Corporation Ltd.,  
NPKRR Maaligai, 800, Anna Salai,  
Chennai-600 002.
5. Electricity Department, Government of Goa,  
Vidyut Bhawan, Panaji,  
Goa-403001.
6. Electricity Department,  
Government of Puducherry,  
58, NSC Bose Salai,  
Puducherry-605001.
7. A.P. Eastern Distribution Company Limited,  
Sai Shakthi Bhavan,  
30-14-19, Near Saraswathi Park,  
Visakhapatnam-530020 (AP)
8. A.P. Southern Power Distribution Company Limited (APSDCL),  
H. No. 193-93 (M) Upstairs,  
Renigunta Road, Tirupathi-517501 (AP),
9. AP Northern Power Distribution Company Limited. (APNPDCL),  
H. No. 1-1-504, Opp. : NIT Petrol Pump,  
Chaitanyapuri, Warangal-506004 (AP)
10. AP Central Power Distribution Company Ltd. (APCPDCL)  
Singareni Bhavan, Red Hills, Hyderabad-500 063 (AP)
11. Bangalore Electricity Supply Company Ltd. (BESCOM),  
Krishna Rajendra Circle,  
Bangalore - 560 009.
12. Mangalore Electricity Supply Company Ltd. (MESCOM),  
Paradigm Plaza, A.B. Shetty Circle,  
Mangalore – 575 001
13. Chamundeshwari Electricity Supply Corp. Ltd. (CESC Mysore),  
927, L.J. Avenue,  
New Kantharajours Road,  
Saraswathi Puram,  
Mysore – 570 009



14. Gulbarga Electricity Supply Company Ltd. (GESCOM)  
Main Road, Gulbarga, Karnataka,  
Gulbarga – 585 102.

15. Hubli Electricity Supply Company Limited,  
P.B. Road, Nava Nagar Hubli  
Karnataka- 580 025.

16. Transmission Corporation of Telangana Limited,  
Vidhyut Sudha, Khairatabad,  
Hyderabad, 500082

..... Respondents

**For Review Petitioner** : Shri Anand K. Ganesan, Advocate, PGCIL  
Ms. Swapna Seshadri, Advocate, PGCIL  
Ms. Parichita Chowdhary, Advocate, PGCIL  
Shri Zafrul Hasan, PGCIL  
Shri S.S. Raju, PGCIL

**For Respondents** : None

### **ORDER**

Instant Review Petition has been filed by Powergrid Corporation of India Limited (PGCIL) seeking review of order dated 20.9.2018 in Petition No. 208/TT/2017 contending that there are apparent errors in the said order.

### **Brief background**

2. Transmission tariff was allowed for (i) Hyderabad (Maheshwaram)-Nizamabad 765 kV D/C Line and (ii) 2 nos 765 kV bays alongwith 1 no. 240 MVAR switchable line reactor each at Hyderabad (Maheshwaram) and Nizamabad Sub-station each for both circuits of Hyderabad-Nizamabad 765 kV D/C Line (hereinafter referred to as the



“assets”) for the period from 31.8.2017 to 31.3.2019 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as the “2014 Tariff Regulations”). As per the Investment Approval dated 29.1.2015, the scheduled COD of the said assets was 29.5.2018 and the actual COD of the assets was 31.8.2017. There was no time over-run in case of the instant assets. Therefore, the IDC and IEDC claimed by the Review Petitioner were allowed to be capitalised and the tariff was accordingly determined.

3. The Review Petitioner has submitted that since there was no time over-run in execution of the instant asset, the Commission allowed the IDC on cash basis as on the COD and it was observed in the impugned order that the IDC discharged after COD during 2017-18 and 2018-19 will be allowed as additional capitalisation in the respective years. The Review Petitioner has contended that though the Commission in para 27 of the impugned order observed that the IDC after the COD is included in the additional capitalisation during 2017-18 and 2018-19, the same was not included in the computation of additional capitalisation during 2017-18 and 2018-19 in para 34 and 25 of the impugned order despite the fact that the said undischarged IDC was discharged/likely to be discharged by the Review Petitioner. The Review Petitioner has submitted that this has resulted in disallowance of ₹5.49 crore, which is an error that requires to be corrected. The relevant extracts of the impugned order are as follows:-

**“Interest During Construction (IDC)**



25. The petitioner has claimed IDC of Rs.6069.83 lakh for the instant asset. The IDC on cash basis up to allowable dates has been worked out on the basis of the loan details given in Form-9C. It is submitted that petitioner has not made any default in the payment of interest. Further, the petitioner has submitted the statement showing discharged IDC liability as on COD and thereafter.

26. The IDC considered as on COD for the purpose of tariff determination is as below:-

(Rs. in lakh)

Asset	IDC as per IA	IDC claimed	IDC disallowed (on account of time overrun not condoned)	IDC disallowed (Un-discharged liability)	IDC allowed (As on COD)
Asset-I	12746.70	6069.83	0.00	1962.43	4107.40

27. The petitioner has further submitted the statement showing IDC discharged up to COD for the asset in which the loan wise drawl date has also been mentioned. For the purpose of determining the IDC, the loan wise drawl dates provided by the petitioner has been assumed as date of infusion of debt fund for the concerned loan. IDC amounting to Rs. 4107.40 lakh have been worked out and allowed as on COD on cash basis. The balance IDC discharged after COD (i.e. in 2017-18 and 2018-19) is included in the add cap expenditure for FY 2017-18 and 2018-19.

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### **Additional Capital Expenditure (ACE)**

32. The cut-off date for the instant assets is 31.3.2020.

33. The petitioner has claimed ACE as per as per Clause (1) of Regulation 14 of the 2014 Tariff Regulations and Auditor certificate dated 08.11.2017. In addition, the petitioner has also claimed the discharge of IDC liability for 2017-18 and 2018-19 in respect of Asset 1 as ACE. The additional capital expenditure claimed by the petitioner for the instant assets for the period 2017-18 and 2018-19 is within the cut- off date and is on account of balance and retention payments and accordingly it is allowed under Regulation 14(1)(i) of the 2014 Tariff Regulations. The ACE claimed by the petitioner is summarized in the table below:-



(Rs. in lakh)

<b>Assets</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Asset-I	0.00	12125.04	5662.96

34. Based on the information submitted by the petitioner the allowable ACE has been summarized as under:-

(Rs. in lakh)

<b>Assets</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Asset-I	0.00	12125.04	5644.87

35. The capital cost considered for the purpose of computation of tariff is as follows:-

(Rs. in lakh)

<b>Asset</b>	<b>Expenditure up to COD</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>Total Estimated Completion Cost up to 31.3.2019</b>
Asset-I	99083.83	-	12125.04	5644.87	116853.74

4. During the hearing on 22.1.2019, learned counsel for the Review Petitioner while reiterating the submissions made in the Review Petition submitted that the observations of the Commission in para 27 of the impugned order regarding capitalisation of the IDC discharged after the COD as part of the additional capitalisation during years 2017-18 and 2018-19 was not given effect and the entire balance IDC was not included in the additional capitalisation despite the said undischarged IDC was discharged/likely to be discharged by the Review Petitioner as part of additional capitalisation during 2017-18



and 2018-19. Learned counsel prayed for allowing capitalization of IDC of ₹5.49 core towards additional capitalisation during 2017-18 and 2018-19.

5. We have considered the contentions of the Review Petitioner and have examined the record. In Petition No.208/TT/2017, the Review Petitioner, vide its affidavit dated 30.11.2017 and Auditor's Certificate dated 8.11.2017 claimed the following capital cost:-

Apportioned approved cost	Cost as on COD including total IDC	Estimated additional capital expenditure			Total estimated completion cost
		2016-17	2017-18	2018-19	
145289.39	101046.26	-	10893.03	5463.34	117402.63

6. The details of the IDC claimed by the Review Petitioner and allowed by the Commission in the impugned order is as under:-

Particulars	IDC discharged upto COD	Accrued IDC upto COD (discharged during 2017-18)	Accrued IDC upto COD (discharged during 2018-19)	(₹ in lakh)
				Total IDC claimed/allowed
Claimed in the Petition No.208/TT/2017	4638.2	1232.01	199.62	6069.83
Allowed vide order dated 20.9.2018	4107.4	1232.01	181.53	5520.94
Difference	530.8	0	18.09	<b>548.89</b>

7. The capital cost claimed by the Review Petitioner and allowed after adjustment of IDC in the impugned order is as follows:-



(₹ in lakh)

Particulars	Apportioned approved cost	Total cost claimed as on COD (including IDC)	Undischarged and disallowed IDC	Cost worked out/allowed as on COD	Estimated additional capital expenditure including IDC discharged			Total estimated completion cost
					2016-17	2017-18	2018-19	
Claimed	145289.4	101046.3	1431.63	99614.63	-	12125.04	5662.96	117402.6
Allowed			1962.43	99083.83	-	12125.04	5644.87	116853.7
Difference				530.80	0	0	18.09	<b>548.89</b>

8. The Review Petitioner, vide affidavit dated 30.11.2017 in the main petition, submitted Auditor's Certificate alongwith revised tariff forms and IDC calculation sheet. The IDC calculation sheet included 82 different loan drawl dates with different amounts and interest amount shown against them respectively. Out of the total 82 different drawl dates, 54 drawl dates were related to SBI which mentioned 'fluctuating' as rate of interest instead of actual interest rate as shown against other banks/Bonds. On a specific query of the Commission regarding documentary evidence for interest rate and repayment schedule of SBI, the Review Petitioner had submitted additional information on 20.8.2018 wherein different payments made to SBI together with respective interest rates for the month of July, 2017 instead of from the debt infusion date to COD were given. The total SBI loan shown in the statement was ₹14301 crore (divided in three loans) against the SBI loan of ₹266.47 crore shown in IDC calculation statement. However, specific interest rates corresponding to loan amount shown in IDC statement were not indicated. Thus, based on available data, IDC was worked out considering the lowest interest rate of 7.95% submitted by the Review Petitioner.





9. The IDC for the instant asset was calculated based on the information submitted by the Review Petitioner. We find no error apparent on record warranting review of the impugned order. As the Review Petitioner has the opportunity to submit the claim based on the actuals at the time of truing up, we are of the view that the grievance of the Review Petitioner shall be addressed at that stage and the Review Petitioner is granted liberty to place all the relevant documents/information on record at the time of truing up.

10. The Review Petition No. 49/RP/2018 is disposed of in terms of above order.

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

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

