

**CENTRAL ELECTRICITY REGULATORY COMMISSION**  
**New Delhi**

**Petition No. 44/TT/2020**

**Subject:** Truing up of tariff of 2014-19 period and determination of tariff of 2019-24 period for **Asset-I:** 765 kV D/C Varanasi-Kanpur (new) line and associated bays including 240 MVAR Switchable L/R in both Ckt. at Varanasi GIS Sub-station and 330 MVAR non-switchable L/R in both Ckt. at Kanpur GIS Sub-station; 765 kV S/C Kanpur (new) GIS-Jhatikra line & associated bays including 330 MVAR switchable L/R at Kanpur GIS Sub-station and 330 MVAR non-switchable L/R at Jhatikara Sub-station; 400kV D/C (Quad) Kanpur (New) GIS-Kanpur (old) line & Associated bays; 2X1500 MVA 765/400 kV ICT-I&II Associated bays at 765/400 kV Kanpur (new) GIS Sub-station; 240 MVAR, 765 kV Bus Reactor-1 & associated bay at Kanpur(new) GIS Sub-station; 240 MVAR, 765 kV Bus Reactor-2 & associated bay at Kanpur (new) GIS Sub-station; **Asset-II:** LILO of one Ckt of 400 kV D/C Sasaram-Allahabad line & Associated bays at Varanasi GIS Sub-station; **Asset-III:** 125 MVAR, 400 kV Bus Reactor & associated bay at Kanpur (new) GIS Sub-station; **Asset-IV:** 240 MVAR, 765 kV Bus Reactor & associated bay at Jhatikara Sub-station; **Asset-V:** 125 MVAR, 400 kV Bus Reactor & associated bay at Varanasi GIS Sub-station; **Asset-VI:** 400 kV D/C (Quad) Sarnath-Varanasi Transmission Line along with associated bays at Varanasi GIS Sub-station under "Transmission System for Phase-I Generation Projects in Jharkhand and West Bengal-Part-B" in the Northern Region.

**Date of Hearing:** 9.6.2020

**Coram:** Shri P. K. Pujari, Chairperson  
Shri I.S Jha, Member  
Shri Arun Goyal, Member

**Petitioner:** Power Grid Corporation of India Ltd. (PGCIL)

**Respondents:** UPPCL and 16 others

**Parties Present:** Shri R.B. Sharma, Advocate, BRPL  
Shri S.S. Raju, PGCIL  
Shri A.K. Verma, PGCIL  
Shri Vipin Joseph, PGCIL  
Shri V.P. Rastogi, PGCIL  
Shri B. Dash, PGCIL



## Record of Proceedings

The matter was heard through video conferencing.

2. The representative of the Petitioner submitted that the instant petition is filed for truing up of tariff of the 2014-19 period and determination of tariff of the 2019-24 period for transmission assets under "Transmission System for Phase-I Generation Projects in Jharkhand and West Bengal-Part-B" in the Northern Region. He submitted that the instant assets were put into commercial operation during the 2014-19 period. The Commission vide order dated 31.5.2016 in Petition No. 274/TT/2015 allowed tariff for the 2014-19 period for Asset-I, Asset-II, Asset-III, Asset-IV and Asset-V and vide order dated 30.8.2017 in Petition No. 205/TT/2016 had allowed tariff for the 2014-19 period for Asset-VI. The tariff for Asset-I, Asset-III and Asset-V was allowed vide order dated 31.5.2016 in Petition No. 274/TT/2015 on the basis of their anticipated COD. He submitted that the time over-run in case of Asset-II was condoned and for Asset-IV was disallowed by the Commission vide order dated 31.5.2016 in Petition No. 274/TT/2015. The time over-run in case of Asset-VI was condoned vide order dated 30.8.2017 in Petition No. 205/TT/2016. The justification for time over-run with respect to Asset-I, Asset-III and Asset-V has now been filed. The time over-run with respect to Asset-III and Asset-V is due to delay in COD of Asset-I and requested to condone the time over-run with respect to Asset-I, Asset-III and Asset-V.

3. The representative of the Petitioner submitted that the completion cost was restricted to the apportioned FR capital cost vide order dated 31.5.2016 in Petition No. 274/TT/2015. He submitted that the RCE for the instant project was approved on 11.11.2016 at an estimated cost of ₹429232 lakh including Interest During Construction of ₹49570 lakh based on April 2016 price level. Therefore, the Petitioner filed interim true-up Petition No. 240/TT/2018 along with the RCE and latest audited cost as on 31.3.2019. The Commission vide order dated 23.7.2019, while observing that the 2014-19 tariff period was over and that the accounts for the year 2018-19 have been finalised, directed to Petitioner to claim the capital cost and the tariff based on the RCE at the time of truing up. Accordingly, the instant petition has been filed with justification for the cost variation. The cost variation is due to variation in price, variation in the quantity, increase in land and forest compensation and FERV. He submitted that the rejoinder to the reply filed by BRPL has been filed. The additional information as directed by the Commission vide TV letter dated 5.3.2020 has also been filed on 12.3.2020. However, he submitted that some information could not be filed due to lockdown and accordingly, he requested the Commission to allow the petitioner to file the same.

4. Learned counsel for BSES Rajdhani Power Ltd. (BRPL) submitted that the Commission restricted the cost of the assets to the apportioned approved capital cost vide order dated 31.5.2016 in Petition No. 274/TT/2015, and that except Asset-IV and Asset-V all assets have cost over-run. Accordingly, the entire cost over-run should be examined in the true-up. The justification submitted by the Petitioner for cost over-run is not adequate. The Petitioner has not submitted the details of how variation in price, variation in the quantity, increase in land and forest compensation and FERV have



resulted in cost variation in the Petition. The RCE filed by the Petitioner is merely an indication of revision of cost of various assets without furnishing any justification for the increase in approved cost. Therefore, the cost over-run may not be allowed by the Commission. Almost all assets have accrued IDC of varying order in the projected add-cap and the same may be disallowed. The Initial Spares should be restricted to the ceiling norms in accordance with Regulation 13 of the 2014 Tariff Regulations. The Petitioner has not submitted the details of the Optical Ground Wire (OPGW) used as earth wire in case of the instant assets.

5. The learned counsel for the Respondent submitted that the instant assets were scheduled to be completed within a time frame of 32 months from the date of investment approval. However, there is huge time over-run in case of the instant assets. The reasons submitted for the time over-run in the petition do not fall under the category of uncontrollable factors as defined in Regulation 12(2) of the 2014 Tariff Regulations and accordingly the Petitioner is solely responsible for the time over-run in case of these assets. The Petitioner has not submitted the detailed project report, CPM analysis and PERT Chart, and it must be noted that CPM analysis and PERT chart are important documents to determine the time over-run of the assets and the justification filed. Therefore, in line with Regulation 12 of the 2014 Tariff Regulations the request of the Petitioner to condone the time over-run is liable to be rejected by the Commission. The learned counsel further submitted that the Petitioner has submitted effective tax rate as 0.00 for the 2014-19 tariff period in Form No. 3 of the instant petition. However, the Petitioner has considered effective tax percentage for grossing up the base rate of return on equity. The Petitioner has claimed effective tax rate based on the consolidated income of the company, whereas the income from other business activities of the Petitioner like consulting, communication, planning and design of projects etc. are required to be excluded from the computation of effective rate. The deferred tax liability relevant to the aforesaid other business should also not be considered in the computation of effective tax rate.

6. The Commission directed the Petitioner to submit the following information on affidavit with advance copy to the beneficiaries by 30.6.2020:

- a. Statement of IDC discharge for Asset-I, Asset-II, Asset-III, Asset-IV, Asset-V and Asset-VI along with the methodology for floating rates used, if any.
- b. Reason for cost variation from FR to RCE with supporting documents:
  - i. Price Variation – Provide break up of price variation in i) Change in cost estimates as in DPR and cost of awarded LOA for various contracts ii) Change in price due to price escalation within the contract along with supporting documents.
  - ii. Variation in Quantities of Approved Items – Provide i) Break up of earlier considered quantity and revised quantity ii) Per Unit cost considered in DPR and actual cost as per the contract.
  - iii. Land and Compensation – Compensation towards forest was envisaged for 16.8 Ha, which increased to 32.95Ha (almost double), while the compensation for the same increased almost 6 times. Justification of the same needs to be provided. Supporting documents for payment towards forest compensation needs to be provided.



- iv. Foreign Exchange Variation – Provide i) break up of contract pay outs in USD, EURO and INR ii) Weighted average foreign currency rate considered in RCE along with supporting documents iii) break up/details of foreign currency loans and INR loans
- v. Decrease in IEDC – IEDC has reduced from ₹21546 lakh to ₹3472 lakh, reduction of almost 83%. Explanation of the same needs to be provided.
- vi. Increase in IDC – Provide break up of increase in IDC due to increase in cost and increase in period along with justification/details.
- c. Legible copies of CPM analysis and PERT chart for Asset-I, Asset-III and Asset-V.
- d. Detailed justification for reason for time over-run with regard to Asset-I.
- e. Justification for LD amounting to ₹46.41 lakh in Auditor Certificate for Asset-I.
- f. Detailed justification for claiming add-cap of ₹9358.85 lakh beyond the cut-off date of 31.3.2019.
- g. RLDC certificate with regard to the Asset-III as the name/capacity of transmission asset is not matching with the Petitioner claim in the Petition.
- h. Form-13 (Break-up of Initial Spares) for Asset-I, Asset-II, Asset-III, Asset-IV, Asset-V and Asset-VI.
- i. Form-5 (Element Wise break- up of Project/Asset/Element cost of Transmission System) for Asset-I, Asset-II, Asset-III, Asset-IV, Asset-V and Asset-VI.
- j. Form 12 (Details of time over run) and 12B (IDC & Financing charges) for Asset-I, Asset-III, and Asset-V.
7. The Commission also directed the Petitioner to submit the above information within the specified time and observed that no extension of time shall be granted.
8. Subject to the above, the Commission reserved its order in the matter.

**By order of the Commission**

sd/-  
(V. Sreenivas)  
Dy. Chief (Law)

