

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

**Review Petition No. 11/RP/2021 in Petition No. 85/TT/2019**

- Subject** : Review Petition No. 11/RP/2021 seeking review of the Commission's order dated 25.1.2021 in Petition No. 85/TT/2019
- Petitioner** : Power Grid Corporation of India Ltd.
- Respondent** : Rajasthan Rajya Vidyut Prasaran Nigam Ltd. & Ors.
- Date of Hearing** : 20.7.2021
- Coram** : Shri P. K. Pujari, Chairperson  
Shri I. S. Jha, Member  
Shri Arun Goyal, Member
- Parties Present** : Shri S. S. Raju, PGCIL  
Shri D. K. Biswal, PGCIL  
Shri A. K. Verma, PGCIL  
Shri V. P. Rastogi, PGCIL

**Record of Proceedings**

The Review Petition was called out for virtual hearing.

2. The representative of the Petitioner made the following submissions:
- a) Instant Review Petition is filed against the Commission's tariff order dated 25.1.2021 in Petition No. 85/TT/2019 filed for determination of transmission tariff from COD to 31.3.2019 in respect of the following transmission assets under Provision of STATCOM at Nalagarh and Lucknow in Northern Region:  
**Asset I:** +/-200 MVAR STATCOM at 400/220 kV Nalagarh Sub-station; and  
**Asset II:** +/-300 MVAR STATCOM at 400 kV Lucknow Sub-station.
  - b) The Commission vide afore-mentioned order had granted tariff for Asset-I only and tariff for Asset-II was not granted as the same was not commissioned during 2014-19 period. A separate petition under the 2019 Tariff Regulations is being filed for tariff determination of Asset-II;
  - c) Instant Review Petition is filed on the limited issue with respect to the deduction of excess Initial Spares of STATCOM at Nalagarh by considering it as a Series Compensation Device. The Commission vide the afore-mentioned order inter-alia observed that the basic purpose of STATCOM is to provide compensation and as per Regulation 13(d)(iv) of the 2014 Tariff Regulations, the allowable ceiling for compensation devices is 4% and therefore restricted the Initial Spares accordingly;



- d) Review Petitioner in Petition No. 85/TT/2019 had claimed capitalization of Initial Spares with respect to STATCOM under the Transmission Sub-station (Brownfield) category in Regulation 13(d)(iii) of the 2014 Tariff Regulations;
- e) Initial Spares were claimed with 6% ceiling relying on the Statement of Reasons (SOR) dated 24.4.2014 for the 2014 Tariff Regulations;
- f) Relied on the SLD of STATCOM at Nalagarh filed vide affidavit dated 16.7.2021 wherein separate bay has been formed for placing this STATCOM and submitted that the Commission has in several previous orders considered a reactor placed in the existing sub-station to be categorized under Transmission Sub-station (Brown Field);
- g) Relied on the Series Compensation device (FSC used in Jeypore-Gazuaka Transmission Line and FSC used in Kampur-Ballabgarh Transmission Line) filed vide affidavit 16.7.2021 wherein there is no separate bay required to place it;
- h) There is no demarcation between STATCOM and Series Compensation device in the 2014 Tariff Regulations. However, distinction between the two may be drawn out based on their primary purpose, installation etc. as given in detail in the Review Petition;
- i) In Petition No. 85/TT/2019, STATCOM has been mentioned as Shunt Compensation device and not a Series Compensation device and further the 2014 Tariff Regulations define both, a Series Compensation device and Transmission Sub-station (Brown Field) separately and as there was no demarcation between Shunt and Series Compensation device, the Initial Spares claim was made under Transmission Sub-station (Brown Field) category because Nalagarh Sub-station (existing) was commissioned in 1999 and STATCOM was placed on separate bay and, therefore, 6% ceiling should have been allowed and not 4%;
- j) Regulation 13(d)(iii) provides that STATCOM may be placed under Transmission Sub-station (Brown Field) category as STATCOM is not coming under Series Compensation devices because it is categorically different from it;
- k) Power to Relax under section 54 of the 2014 Tariff Regulations was not invoked by the Commission because even after applying Initial Spares with 6% ceiling, excess Initial Spares were coming under Brown Field category as claimed in Petition No. 85/TT/2019; and
- l) First Reactor is also a compensation device. However, when it is placed in an existing sub-station it is considered under the Transmission Sub-station (Brown Field) category.

3. In response to a query of the Commission regarding equipment included under Transmission Sub-station (Brownfield) category, the representative of the Petitioner submitted that any equipment which is being placed in an existing sub-station may be included under this head.



4. In response to another query of the Commission regarding mention of any equipment being placed in an existing sub-station to be considered included under Transmission Sub-station (Brownfield) category, the representative of the Petitioner submitted that it is not categorically mentioned but SOR of 2014 Tariff Regulations supports the claim of Initial Spares at 6% ceiling.
5. In response to another query of the Commission regarding STATCOM being a Compensation device or Series Compensation device and about its functions, the representative of the Petitioner submitted that STATCOM is a compensation device but it is a dynamic controlled system for reactive power compensation and should come under Regulation 13(d)(iii) of the 2014 Tariff Regulations.
6. During the course of the hearing, the following was observed and by the Commission:
- i. The 2014 Tariff Regulations is silent as to the category of STATCOMS but the Commission vide order dated 25.1.2021 in Petition No. 85/TT/2019 had placed it under Series Compensation devices in the 2014 Tariff Regulations and subsequently allowed Initial Spares with specified 4% ceiling.
  - ii. Review Petitioner had not brought out the distinction between STATCOM and a Series Compensation device in Petition No. 85/TT/2019.
  - iii. Whether STATCOM should be treated and classified as a part of Transmission Sub-station (Brownfield)/ (Greenfield) or as a Series Compensation device is the issue to be decided.
7. After hearing the representative of the Review Petitioner, the Commission admitted the review petition and directed to issue notices in the matter. The Commission directed the Respondents to file their reply by 20.8.2021 with an advance copy to the Review Petitioner and the Review Petitioner to file rejoinder, if any, by 30.8.2021.
8. The matter shall be listed for final hearing in due course, for which a separate notice will be issued to the parties.

**By order of the Commission**

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

