

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 23/TT/2021

- Subject** : Petition for truing up of transmission tariff of 2014-19 period and determination of transmission tariff of 2019-24 period for thirteen assets under “System Strengthening–XX” in Southern Region.
- Date of Hearing** : 29.10.2021
- Coram** : Shri P.K. Pujari, Chairperson
Shri I.S. Jha, Member
Shri Arun Goyal, Member
Shri P.K. Singh, Member
- Petitioner** : Power Grid Corporation of India Ltd.
- Respondents** : Tamil Nadu Generation and Distribution Corporation Ltd.& 17 Others
- Parties present** : Shri S. Vallinayagam, Advocate, TANGEDCO
Shri S. S. Raju, PGCIL
Shri D.K. Biswal, PGCIL
Shri Ved Prakash Rastogi, PGCIL
Dr. R. Kathiravan, TANGEDCO
Shri R. Ramalakshmi, TANGEDCO
Shri R. Srinivasan, TANGEDCO

Record of Proceedings

Case was called out for virtual hearing.

2. The representative of the Petitioner made the following submissions:
- a. The instant petition has been filed for truing up of transmission tariff of 2014-19 period and determination of transmission tariff of 2019-24 period for the following assets under “System Strengthening–XX” in Southern Region:
- Asset-1: 1x500 MVA, 400/220 kV ICT at Malekutaaaiyur Sub-station along with associated bays and equipment;
- Asset-2: 1x500 MVA, 400/220 kV ICT at Somanahalli Sub-station along with associated bays and equipment;



Asset-3: 1 x 500 MVA, 400/220 kV ICT at Mysore Sub-station along with associated bays and equipment;

Asset-4: 1x125 MVAR 400 kv Bus Reactor-3 along with associated bays and equipment at Vijayawada Sub-station, 01x 500 MVA 400/220 kV ICT-3 along with associated bays and equipment each at Hyderabad (Ghanapur) and Vijayawada Sub-station;

Asset-5: 1x125 MVAR 400 kV Bus Reactor-4 along with associated bays at Vijayawada Sub-station;

Asset-6 :1x500 MVA, 400/220 kV ICT along with associated bays and equipment at Pugalur Sub-station;

Asset-7: Conversion of 50 MVAR line reactors at Madakathara end on both circuits of Ellapally (Palakkad)-Madakathara (North Trissur) 400 kV D/C line into switchable reactors by providing necessary switching arrangement;

Asset-8: Replacement of existing 1x315 MVA 400/220 kV transformers with 1x500 MVA transformers and utilize the replaced 1x315 MVA transformer as regional spare at Narendra Sub-station;

Asset-9: Replacement of existing 1x315 MVA 400/220 kV transformers with 1x500 MVA transformers and utilize the replaced 1x315 MVA transformer as regional spare at Narendra Sub-station;

Asset-10: 1x500 MVA, 400/220 kV/ 33 ICT and associated bays each at Warangal Sub-station, Khammam Sub-station;

Asset-11: 1x500 MVA, 400/220 kV/ 33 ICT and associated bays each at Gooty Sub-station;

Asset-12: 1x500 MVA, 400/220/33 kV ICT along with associated bays and equipment at Kadapa Sub-station; and

Asset-13: 1x500 MVA, 400/220 kV ICT along with associated bays at Trichy Sub-station.

b. The instant assets were put under commercial operation in the 2014-19 tariff period.

c. Transmission tariff for 2014-19 tariff period for Assets-1, 2 and 3 was determined vide order dated 28.6.2016 in Petition No. 23/TT/2016; for Assets-4, 5, 6, 7, 8 and 9 vide order dated 18.9.2018 in Petition No.176/TT/2017; for Assets-10, 11 and 12 vide order dated 25.6.2019 in Petition No. 253/TT/2018; and for Asset-13 vide order dated 30.4.2020 in Petition No. 35/TT/2019.

d. Assets-1, 2 and 3 were put under commercial operation before the scheduled date of commercial operation and as such there is no time over-run. Copy of



Revised Cost Estimate has been submitted and reasons for cost variation have been explained for Assets-1, 2 and 3.

e. The Commission in order dated 18.9.2018 in Petition No.176/TT/2017 did not condone the time over-run and restricted IDC and IEDC. Disallowance of IDC and IEDC has been considered in the instant petition. Further, in case of Assets-8 and 9, the Commission decapitalised the net block as on the date of replacement. These two assets i.e. 315 MVA ICTs which were initially part of Kaiga-Narendra Transmission System were put into commercial operation on 28.10.2005 and 30.8.2006. They have been replaced with 500 MVA ICTs in the current transmission scheme. One of the decapitalized ICTs (i.e. 315 MVA ICT) has been shifted to Misa Sub-station and is now covered in Petition No. 504/TT/2020. The Commission while allowing tariff has decapitalized these ICTs. These ICTs on their dates of replacement have completed 11-12 years. The other ICT has been agreed to be used as spare in the SRPC meeting and as such has not been decapitalized in the instant petition and tariff may be allowed for the same without its decapitalization.

f. Revised Form-5, IDC statement details and other details have been submitted as directed by the Commission in order dated 25.6.2019 in Petition No.253/TT/2018.

g. As per the directions of the Commission in order dated 30.4.2020 in Petition No. 35/TT/2019, bilateral billing has been done from 10.6.2017 to COD of the downstream system i.e. 10.7.2019 on TANTRANSCO in respect of Asset-13 and, thereafter, the transmission charges of the asset has been claimed under PoC mechanism.

h. Reply to the Technical Validation letter has been filed vide affidavit dated 1.7.2021, wherein liability flow statement, cash IDC statement, Form-5, Form-12A, Form-13, copy of IA and RCE have been submitted.

i. Rejoinder to the reply of TANGEDCO has been filed affidavit dated 3.9.2021.

3. In response to a query of the Commission, the representative for the Petitioner submitted that LD recovered has been indicated in the Auditor's certificate and the IDC disallowed earlier has been deducted from the capital cost. Appropriate deductions of actual LD have been given in the capital cost.

4. Learned counsel for TANGEDCO referred to his reply and made the following submissions:

a. The Petitioner has failed to properly explain the deductions made from the capital cost pertaining to IDC disallowed on account of time over-run and LD recovered from the contractors. There is no clarity on the issue of LD and IDC adjustment.

b. The Petitioner has claimed excess Initial Spares for Asset-7.



- c. The Petitioner has failed to explain if disallowed IDC and IEDC for time over-run can be adjusted against LD as per the regulations.
 - d. The Petitioner has claimed Additional Capital Expenditure (ACE) for 2019-24 tariff period under Regulations 24(1)(a) and Regulation 24(1)(b) of the 2019 Tariff Regulations without submitting the liability flow statement.
 - e. Capital cost of the assets must be segregated between the 2010 Sharing Regulations regime and 2020 Sharing Regulations regime, following the ratio of the Commission's order dated 25.7.2016 in Petition No. 102 of 2016.
 - f. Sharing of transmission charges from 1.11.2020 onwards should be allowed as per the 2020 Sharing Regulations.
5. After hearing the parties, the Commission reserved order in the matter.

By order of the Commission

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

