

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 318/TT/2020**

**Subject** : Petition for truing up of transmission tariff of the 2014-19 tariff period and determination of transmission tariff of the 2019-24 tariff period for two assets under "Transmission system associated with common system associated with Coastal Energen Private Limited and Ind-Bharat Power (Madras) Limited LTOA generation projects in Tuticorin area-Part-B in Southern Region" in Southern Region.

**Date of Hearing** : 24.9.2021

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

**Petitioner** : Power Grid Corporation of India Ltd.

**Respondents** : Karnataka Power Transmission Corporation Ltd.  
& 19 Others

**Parties present** : Ms. Swapna Seshadri, Advocate, PGCIL  
Shri Aditya H. Dubey, Advocate, PGCIL  
Shri S. Vallinayagam, Advocate, TANGEDCO  
Shri S. S. Raju, PGCIL  
Shri D.K. Biswal, PGCIL  
Shri Ved Prakash Rastogi, PGCIL  
Shri A.K. Verma, 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 the 2014 - 19 tariff period and determination of transmission tariff of the 2019-24 tariff period in respect of the following assets under "Transmission system associated with



common system associated with Coastal Energen Private Limited and Ind-Bharat Power (Madras) Limited LTOA generation projects in Tuticorin area-Part-B in Southern Region":

- i. **Asset-1**: 400 kV Salem pooling station (Dharmapuri)-Salem 400 kV D/C quad line along with new 765/400 kV pooling station at Salem (Dharmapuri) (initially charged at 400 kV) and bay extensions at Salem 400/220 kV existing sub-Station; and
  - ii. **Asset-2**: Salem Pooling Station-Madhugiri Pooling Station 765 kV S/C Line (initially charged at 400 kV) along with associated Bays & equipment 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)
- b. Asset-1 and Asset-2 were put under commercial operation on 23.10.2016 and 1.11.2018 respectively;
  - c. Transmission tariff of the 2014-19 tariff period in respect of Asset-1 was allowed vide order dated 21.11.2017 in Petition No. 71/TT/2017 and in respect of Asset-2 was allowed vide order dated 1.11.2019 in Petition No. 367/TT/2018.
  - d. The estimated completion cost is more than RCE-I and the Petitioner has submitted RCE-II.
  - e. In compliance of the previous orders of the Commission, CMD certificate has been submitted.
  - f. IDC statement and rate of interest of loans have been submitted.
  - g. The information sought in technical validation letter has been filed vide affidavit dated 11.12.2020 and rejoinder to the reply of TANGEDCO has been filed vide affidavit dated 1.7.2021.
3. Learned counsel for the Petitioner referring to notes of argument made the following submissions:
    - a. The order dated 21.11.2017 in Petition No. 71/TT/2017 has not been challenged by any of the parties and, hence, has attained finality. Therefore, the issue of COD of Asset-1 being 23.10.2016 is no longer *res integra*.
    - b. The Commission has condoned the time over-run in commercial operation of all assets connected with Asset-1 on account of RoW issues beyond the control of the Petitioner, except in Petition No. 333/MP/2019, wherein order has been reserved by the Commission. The details of relevant orders have been given in the note. Hence, the IDC and IEDC may be capitalized.



- c. In case of Asset-1, there was no power flow between August 2014 and 23.10.2016 since other connected lines were not put into commercial operation. The Commission vide orders has already considered documentary evidence and condoned time over-run in case of all connected lines. Hence, the same approach may be followed in the instant case.
  - d. The Petitioner did not approach the Commission for declaration of deemed COD of Asset-1, as Regulation 4(3) of the 2014 Tariff Regulations which provides for deemed COD and was introduced only in the year 2014. The Petitioner was following the general view taken by the Commission in orders passed in 2014-19 tariff period, where the Petitioner was directed to coordinate and match its COD with that of the COD of upstream/ downstream assets. Interpretation of Regulations is to be given by the Commission on which the Petitioner strategizes its commercial decisions.
  - e. Various correspondences between the Petitioner and contractors have been filed to claim that the Petitioner was ready in August 2014.
  - f. In the 24<sup>th</sup> SRPC meeting held on 15.3.2014, the matter for early commissioning of the line under SRSS-XIV project was taken up.
  - g. In the order dated 1.11.2019 in Petition No. 367/TT/2018, IEDC for Asset-2 was restricted by the Commission to 5% of the hard cost. However, the same was reversed by APTEL and, hence, the judgment of the APTEL in Appeal DFR No. 2419 of 2019 may be implemented.
  - h. She prayed for leave of the Commission to upload the notes of argument on the Commission's e-filing portal.
4. Learned counsel for TANGEDCO made the following submissions:
- a. Instant assets were commissioned pursuant to order dated 31.5.2010 in Petition No. 233 of 2009, wherein the Commission accorded regulatory approval and observed that the CTU/ PGCIL shall be responsible for timely execution of the project matching with the commissioning schedule of IPPs. In the said order, the Commission only gave the regulatory approval and did not go through minute aspects of system planning, the same being function of the CTU. However, at the time of truing up, the Commission can go into all aspects.
  - b. Regulation 27 of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Transmission Licence and other related matters) Regulations, 2009 specifies that augmentation can only be undertaken after firming up the source of supply or destination, at least 3 years prior to the intended date of LTA.
  - c. Minutes of JCC meetings show that the Petitioner was aware of delay in the project as early as on 12.2.2014.



- d. Thereafter, Ind-Bharat (Madras) Power Ltd. (IBMPL) abandoned its generation project while Coastal Energen Pvt Ltd (CEPL) commissioned only half of its total generation project, whereas the assets in question were specifically for these two IPPs.
  - e. While IBMPL had abandoned the project, LTA was still issued to IBMPL. Further, the Petitioner did not raise bills on the IPPs because the IPPs did not open payment security mechanism.
  - f. The beneficiaries cannot be made to bear the brunt of a situation created by the Petitioner and IPPs.
  - g. The Petitioner should have stopped the work on the transmission line as the IPPs had abandoned the project and the beneficiaries cannot be burdened due to error on part of the Petitioner.
  - h. The Petitioner has failed to explain as to who will bear the charges for the period from August 2014 to 23.10.2016 and also has not explained if any charges have been collected from the IPPs.
  - i. Regulation 8(5) of the 2010 Sharing Regulations specifies that when approved injection/ withdrawal in case of a DIC is not materializing, either partly or fully, the concerned DIC is obliged to pay the transmission charges. Further, as per Regulation 8(5) of the 2010 Sharing Regulations, if the generating station is delayed, the generator shall pay withdrawal charges corresponding to its LTA.
  - j. The COD of the asset should be declared as August 2014 and the Petitioner should be directed to bill the transmission charges bilaterally to the IPPs.
  - k. Petitioner should bring the instant assets under computation of relinquishment charges.
  - l. Petitioner should refund the transmission charges recovered from the beneficiaries in respect of the stranded transmission assets.
  - m. Sharing of charges from 1.11.2020 onwards should be allowed as per the 2020 Sharing Regulations.
5. The Commission permitted the learned counsel for the Petitioner to upload the note on e-filing portal by 8.10.2021.
6. After hearing the parties, the Commission reserved order in the matter.

**By order of the Commission**

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

