

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 32/TT/2021

Subject : Petition for truing up of transmission tariff of 2014-19 period and determination of transmission tariff of 2019-24 period for three assets under “Northern Region System Strengthening Scheme- XXVIII” in Northern Region.

Date of Hearing : 17.8.2021

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 : Uttar Pradesh Power Corporation Ltd.
& 17 Others

Parties present : Shri S. S. Raju, PGCIL
Shri D.K. Biswal, PGCIL
Shri Ved Prakash Rastogi, PGCIL
Shri A.K. Verma, PGCIL
Shri Brijesh Kumar Saxena, UPPCL

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 in respect of the following assets under “Northern Region System Strengthening Scheme- XXVIII” in Northern Region:

Asset-A: Combined Asset: Extension of both ckt. of 400 kV D/C (Quad) Biharsharif-Sasaram line to Varanasi bypassing Sasaram & associated bays including 50 MVAR line Reactor in each circuit at Varanasi GIS Sub-station and 765 kV Gaya Bay of LILO (Loop in portion) of 765 kV S/C Gaya-Fatehpur Transmission Line including 240 MVAR non-switchable line reactor at Varanasi GIS Sub-station;



Asset-B: One ckt of 400 kV D/C Sasaram-Allahabad Transmission Line to be shifted from NR to ER bus at Sasaram Sub-station; and

Asset-C: 765 kV Fatehpur Bay of LILO (Loop in portion) of 765 kV S/C Gaya-Fatehpur Transmission Line at Varanasi GIS Sub-station.

b. Instant Assets-A, B and C were put under commercial operation on 1.4.2016, 25.7.2016 and 10.4.2016 respectively.

c. Transmission tariff for the 2014-19 tariff period for the subject assets was determined by the Commission vide order dated 30.5.2016 in Petition No. 277/TT/2015.

d. Time over-run with regard to Asset-A has already been condoned by the Commission vide order dated 30.5.2016 in Petition No. 277/TT/2015. The Commission in the said order dated 30.5.2016 did not entertain time over-run request with regard to Assets-B and C as their tariff was claimed on the basis of anticipated COD of 31.5.2016 and it was observed that time over-run for these assets shall be considered after actual COD is declared. Justifications for time over-run with regard Assets-B and C have been given in the instant petition.

e. After extension of both ckt. of 400 kV D/C (Quad) Biharsharif-Sasaram Transmission Line to Varasansi by making bypass arrangement of Sasaram, the bays vacated at Sasaram were to be utilized for shifting of one ckt of 400 kV D/C Sasaram-Allahabad line from NR to ER bus at Sasaram Sub-station. Thus, time over-run in case of Asset-B till 1.4.2016 was due to delay in commissioning of Asset-A. As the time over-run of Asset-A has already been condoned, the time over-run with regard to Asset-B may also be condoned. Details regarding time over-run have been given in the present petition as well as in reply to the Technical Validation letter filed vide affidavit dated 2.7.2021.

f. Time over-run in declaration of commercial operation of Asset-C till 1.4.2016 was also on account of delay in commissioning of Asset-A, the time over-run for which has already been condoned. Further, during March 2016, 765 kV S/C Gaya-Fatehpur Transmission Line was under shut down for LILO arrangement of the line at Varanasi. During shut down period, due to cyclone in the area and consequent collapse of a tower, the Petitioner had to restore shut-down on 8.4.2016 and thereafter instant Asset-C was put into commercial operation on 10.4.2016. CEA reports regarding the tower collapse have been submitted along with the instant petition.

g. Clarification on splitting of the subject assets has also been given in the present petition.

h. Overall capital cost of the instant transmission assets as on 31.3.2019 is well within the approved cost.

i. Additional Capital Expenditure (ACE) claimed is on account of undischarged liabilities towards final payment due to contractual exigencies, for which the work



was executed within the cut-off date. Liability flow statement has been submitted vide affidavit dated 2.7.2021 along with Forms-5, 12A and 13. Revised Interest During Construction statement has also been submitted vide affidavit dated 2.7.2021.

j. Rejoinder to the reply filed by UPPCL has been submitted vide affidavit dated 22.7.2021.

3. The representative of the UPPCL made the following submissions:

a. The description of the subject assets given in Petition No. 277/TT/2015, in Auditor's Certificate and in the present petition are different. Therefore, the subject assets being different at every stage, they cannot be compared with each other. The approach of the Petitioner with regard to apportionment of costs of element of asset(s) is as per its own convenience due to which it is very difficult to ascertain the exact costs of the element(s)/ asset(s). Regulation 6 of the 2014 Tariff Regulations does not allow the Petitioner to split assets in different combinations after technical and investment approvals have been obtained.

b. The DPR does not contain the details of asset formation as has been claimed by the Petitioner at the time of truing-up.

c. Asset formation has to be done at the time of Investment Approval and not thereafter.

d. The price escalation claimed by successful bidders should be compared with the cost approved by the Board of Directors and price escalation over and above the original bid price should be considered as cost over-run.

4. In response, the representative of the Petitioner submitted that as per Regulation 3(21) of the 2014 Tariff Regulations, 'element' in relation to transmission system means an asset which has been distinctively defined under the scope of the project in the Investment Approval.

5. In response to a query of the Commission regarding bidding, the representative of the Petitioner submitted that bidding is done package-wise e.g. sub-station package, transmission line package and tower package etc. He further submitted that Form 5 of the 2014 Tariff Regulations contains element-wise break up of project/ asset/ element cost of the transmission system or communication system.

6. The Commission directed the Petitioner to submit the details of bidding done with regard to assets/ elements covered in the present petition along with separate bid proposals/ packages pertaining to each of the elements/ assets, on affidavit by 6.9.2021 with an advance copy to the Respondents. The Commission further directed the Petitioner to adhere to the specified timeline and observed that no extension of time shall be granted.



7. The matter will be listed for further hearing for which a separate notice shall be issued to the parties.

By order of the Commission

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

