

**CENTRAL ELECTRICITY REGULATORY COMMISSION
New Delhi**

Petition No. 471/TT/2020

Subject	:	Petition for truing up of transmission tariff of the 2014-19 period and determination of transmission tariff of the 2019-24 period for 220 kV Kishanganga-Amargarh D/C line on M/C tower associated under the scheme Transmission System associated with Kishenganga HEP in Northern Region
Date of Hearing	:	20.4.2021
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. (PGCIL)
Respondents	:	Rajasthan Rajya Vidyut Prasaran Nigam Ltd. & 16 Others
Parties Present	:	Shri R.B. Sharma, Advocate, BRPL Shri S.S. Raju, PGCIL Shri B. Dash, PGCIL Shri Ved Prakash Rastogi, PGCIL Shri A.K. Verma, PGCIL Shri D.K. Biswal, PGCIL

Record of Proceedings

Case was called out for virtual hearing.

2. The representative of the Petitioner has made the following submissions:
 - a. Instant petition has been filed for truing up of transmission tariff of the 2014-19 period and determination of transmission tariff of the 2019-24 period of 220 kV Kishanganga-Amargarh D/C line on M/C tower;
 - b. Asset was put into commercial operation on 27.2.2018;
 - c. The tariff of the asset from COD to 31.3.2019 was determined by the Commission vide order dated 25.4.2019 in Petition No. 124/TT/2018;
 - d. Capital cost claimed as on COD is slightly higher than the capital cost approved vide order dated 25.4.2019 because of addition of the Initial Spares deducted by the Commission as the scope of the transmission project was not complete;
 - e. The re-calculation of Initial Spares is based on total project cost claimed in line with APTEL judgment dated 14.9.2019 in Appeal No. 74 of 2017; and



f. The additional information sought through Technical Validation letter was filed vide affidavits dated 26.11.2020 and 5.2.2021. Further, additional information was filed by the Petitioner vide affidavit dated 13.4.2021.

3. The learned counsel for BRPL has made the following submissions:

a. The exercise of revising the cost estimates leading to Revised Cost Estimate (RCE) is arbitrary in nature and should be avoided by the Petitioner as no reason(s) or justification(s) w.r.t. cost and time over-run, which are the reasons for revision of RCE, has been given by the Petitioner;

b. The Commission under second proviso to Regulation 4(3) of the 2014 Tariff Regulations approved the statutory COD of the asset even after delay in the commissioning of Kishenganga HEP but Regulation 9(6)(1) of the 2014 Tariff Regulations prohibits the inclusion of such an asset, not in use, whether belonging to existing or new project, to be included in the capital cost and hence capital cost of the asset may be excluded while truing up;

c. Although the Petitioner has re-calculated the Initial Spares of the 2009-14 tariff period based on the capital cost of asset allegedly in line with APTEL judgment dated 14.9.2019 in Appeal No. 74 of 2017 but Regulation 8(1) of the 2014 Tariff Regulations 2014 does not allow the instant re-calculation of Initial Spares;

d. The Petitioner has claimed the accrual IDC as additional capital expenditure (ACE) during 2014-19 tariff period which may be disallowed as there is no provision for allowing ACE in the 2014 Tariff Regulations;

e. As per the rejoinder submitted by the Petitioner in Petition No. 24/TT/2020, the Petitioner has made no provision for the current tax in the Balance Sheet (BS) as well as in the Profit & Loss Account (P&L Account) and no tax has been paid on transmission business;

f. The arguments extended by the Respondent in earlier petitions pertaining to Indian Accounting Standards, deferred tax, tax on income, ACE w.r.t. cost over-run, tariff for the 2019-24 tariff period may be considered in this petition also; and

g. Guidelines pertaining to annual truing up by the transmission licensee may be laid down by the Commission so that truing up exercise is done by the Petitioner on the basis of the same.

4. In response, the representative of the Petitioner submitted that the Petitioner does not file separate Income Tax Return (ITR) on transaction business as there is no provision in the Income Tax (IT) Act to file separate ITR on the basis of nature of business being done by an entity. He submitted that ITRs, assessment orders, annual accounts for all regions pertaining to different financial years have been submitted in Petition No. 24/TT/2020. He further submitted that there is no question of evading of tax by the Petitioner as it is paying tax at MAT rates.

5. The representative of the Petitioner submitted that BSs and P&L Accounts of all the regions have been finalized and have been merged and single BS has been prepared for the entire PGCIL and tax has been calculated for the entire PGCIL. He submitted that ITR for 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 along with assessment orders for 2014-



15, 2015-16, 16-17 have been filed with the Commission whereas assessment orders for 2017-18 and 2018-19 have not been filed pending assessment.

6. In response to the Commission's query as to submission of documents pertaining to IT being paid by the Petitioner at Corporate Level on consolidated basis, the Petitioner submitted that ITR and assessment order pertaining to the same shall be filed by the Petitioner.

7. On the request of learned counsel for BRPL, the Commission allowed BRPL upload the reply by 24.4.2021 and the Petitioner to file rejoinder, if any, by 3.5.2021. The Commission further directed the parties to adhere to the specified timeline and observed that no extension of time shall be granted.

8. Subject to above, the Commission reserved the order in the matter.

By order of the Commission

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

