

CENTRAL ELECTRICITY REGULATORY COMMISSION
New Delhi

Petition No. 472/TT/2020

- Subject** : Petition for truing up of transmission tariff of 2014-19 tariff period and determination of transmission tariff of 2019-24 tariff period for thirteen transmission assets under Northern Region System Strengthening Scheme-XXI (NRSSS-XXI) in Northern Region (NR)
- Date of Hearing** : 9.7.2021
- Coram** : Shri I. S. Jha, Member
Shri Arun Goyal, Member
Shri Pravas Kumar Singh, Member
- Petitioner** : Power Grid Corporation of India Ltd.
- Respondents** : Rajasthan Rajya Vidyut Prasaran Nigam Ltd. & 16 Others
- Parties Present** : Shri S. S Raju, PGCIL
Shri D. K. Biswal, PGCIL
Shri Ved Prakash Rastogi, PGCIL
Shri Amit Yadav, 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. Instant petition is filed for truing up of transmission tariff of 2014-19 tariff period and determination of transmission tariff of 2019-24 tariff period for the following transmission assets under NRSSS-XXI in NR:

Combined Asset-A comprising of:

(A1): Associated bays of 765 kV S/C Lucknow-Bareilly Transmission Line including 3x80 MVAR Switchable Line Reactor at Lucknow (New) and Line Reactor at Bareilly (New) Sub-station;

(A2): 2nd Circuit of 400 kV D/C (Quad) Bareilly (New)-Bareilly (Old) Transmission Line with associated bays; and

(A3): 765/400 kV 1500 MVA ICT-I at Bareilly (New) Sub-station along with associated bays.

Asset-B: 765 kV, 3x80 MVAR Bus Reactors at Bareilly (New) Sub-station;



Asset-C: Associated bays of 1st circuit of 400 kV D/C (Quad) Bareilly (New)-Bareilly (Old) Transmission Line;

Asset-D: 765/400 kV 1500 MVA ICT-II at Bareilly (New) Sub-station along with associated bays;

Asset-E: 1st circuit of 400 kV D/C (Quad) Bareilly (New)-Kashipur (PTCUL) Transmission Line and associated bays;

Asset-F: 2nd circuit of 400 kV D/C (Quad) Bareilly (New)-Kashipur (PTCUL) Transmission Line and associated bays;

Asset-G: 400 kV D/C Kashipur-Roorkee Transmission Line along with associated bays;

Asset-H: 400 kV D/C Roorkee-Saharanpur Transmission Line along with associated bays;

Asset-I: 125 MVAR Bus Reactor at Roorkee Sub-station;

Asset-J: 765 kV S/C Bareilly-Lucknow Transmission Line at 400 kV level; and

Asset-K: One circuit of 400 kV D/C Bareilly (New)-Bareilly (Existing) Transmission Line.

- b. Details of COD of assets, admitted cost and claimed cost is given in the petition;
- c. The transmission tariff of Asset-H for the period from anticipated COD (15.6.2016) to 31.3.2019 was allowed vide order dated 30.5.2016 in Petition No. 263/TT/2015. However, on the basis of RLDC, CMD and COD certificates, the actual COD for Asset-H is now claimed as 6.5.2016 in the instant petition;
- d. The variation pertaining to admitted and claimed cost with respect to Asset-H is attributed towards revision in COD for which revised Auditor Certificate has been submitted. The justification for time over-run of 37 months and 22 days in the commissioning of Asset-H has been explained in the petition which is mainly due to delay in land acquisition at Saharanpur and RoW problems nearby Saharanpur area;
- e. Initial Spares are claimed on the overall project cost basis and no excess Initial Spares have been claimed.
- f. RLDC certificate for Asset-J and Asset-K has been submitted in this petition;
- g. The information sought through Technical Validation letter has been filed vide affidavit dated 30.3.2021 wherein details of Additional Capital Expenditure claimed beyond cut-off date in 2019-24 period, Liability Flow Statement, copy of CEA clearance and PERT/ CPM chart for Asset-H, copy of Investment Approval and RCE have been submitted;
- h. Rejoinder to UPPCL's reply has been filed vide affidavit dated 8.7.2021 with the following information:



- i. Detailed chronology for delay in land acquisition at Saharanpur and RoW problems nearby Saharanpur area;
- ii. Detailed justification for cost variation with respect to Asset-E; and
- iii. Form-5 for all the transmission assets.

i. Requested to:

- i. Grant two weeks' time to file FERV details pertaining to the Foreign Loan;
- ii. Approve COD of Asset-H and condone the time over-run related thereto; and
- iii. Allow the true-up tariff and tariff for respective tariff periods as claimed in this petition.

3. The learned counsel for UPPCL made the following submissions:

- a. The Petitioner may not be allowed to file combined petition claiming true up tariff for 2014-19 period and tariff for 2019-24 period as the Tariff Regulations provides for filing of true up petition of previous control period prior to or with the tariff determination petition filed for next control period separately and accordingly may be directed to file separate petitions for true up and determination of tariff under the applicable Tariff Regulations;
- b. Petitioner may not be allowed to divide the Project into thirteen different transmission elements/ assets as the Investment Approval (IA) and Revised Cost Estimates (RCE) pertaining to the Project mention the overall scope without any division of Project into different transmission elements/ assets;
- c. Petitioner has attempted to nullify the time over-run of about three years of the Project by submitting RCE which raised the completion cost and the commissioning schedule of the Project by about three years;
- d. RCE provides for the overall cost of the Project and not the asset-wise capital cost. The Petitioner may be directed to clarify the reason for cost apportionment among the assets instead of taking the actual cost of each asset.
- e. The Petitioner may be further directed to submit the actual cost as on 31.3.2014, 16.6.2016 (COD of the last asset of the transmission system), 20.1.2017 (date of approval of RCE) and 31.3.2019 as the Petitioner has stated that true up proposal is based on actual expenditure;
- f. The scheduled COD of the project as per the IA was 25.4.2013. Accordingly, considering the COD of the last asset, i.e.16.6.2016, there was a delay of around 3 years 2 months in the project. The Petitioner has submitted that there is no cost over-run as the cost as on 31.3.2019 is within the approved RCE cost. The Petitioner should not compare the completion cost with the RCE cost as the RCE has been approved after COD of the project. There is a cost over-run, when the cost of the project as on 31.3.2019 is compared with that of the approved cost as per the IA.
- g. The Commission in order dated 30.5.2016 in Petition No. 263/TT/2015 dealt with the time over-run of each asset and condoned the same as the conditions responsible for delay were beyond the control of the Petitioner. However, the



Commission did not consider any cost over-run due to non-submission of RCE. In these cases, the cost over-run may be examined by the Commission for the project as a whole with reference to the scheduled COD, the original cost estimate and expenditure incurred as on 16.6.2016, when Asset-H was put under commercial operation;

- h. Requested the Commission to re-determine the capital cost of the project in the true-up petition based on the actual expenditure and original IA instead of the apportioned cost or RCE with adjustment of cost due to cost over-run and accordingly, the tariff proposal of 2019-24 may be considered;
- i. The policy of the Petitioner is to invite bids for the construction of the project. So, when the cost of the project has been decided based on these competitive bids the then the reference point for the completion cost of the project should also be the cost discovered by the Petitioner in the bids. If the reference point of comparison keeps changing, then it is really difficult to measure the time over-run and cost over-run; and
- j. Requested the Commission to fix the reference point which could be cost as per RCE or cost as per the IA or the cost as discovered through the bids.

4. The Commission observed that the Petitioner has submitted land compensation, price variation, Foreign Exchange Rate Variation and increase in IDC as the reasons for cost variation and all are directly related to time over-run.

5. The Commission further observed that whenever there is cost over-run, the Petitioner should obtain the approval of the same beforehand and it cannot be an ex-post facto approval. The Commission directed the Petitioner to submit the policy on approval of RCE and clarify if RCE can be approved during the implementation and/or completion of the project. In response, the representative of the Petitioner submitted that in the instant case, RCE was approved due to cost variation and the details of cost variation with respect to the FR approved cost have been submitted vide affidavit dated 8.7.2021.

6. The Commission directed the Petitioner to file its comments on the issues raised by UPPCL, FERV details and its policy on approval of RCE on affidavit, with an advance copy to the Respondents by 24.7.2021.

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

By order of the Commission

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

