

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 482/TT/2020

Subject : Petition for truing up of transmission charges of the 2014-19 period and determination of transmission tariff of the 2019-24 period in respect of Existing Transmission and Distribution (T&D) System Network of Damodar Valley Corporation

Petition No. 466/TT/2020

Subject : Petition for truing up of capital expenditure of the 2014-19 period and determination of transmission tariff of the 2019-24 period in respect of 04 Non-ISTS 400 kV Transmission Lines carrying ISTS Power of Damodar Valley Corporation

Petition No. 713/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 new elements of T&D System Network of Damodar Valley Corporation

Date of Hearing : 27.4.2021

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

Petitioner : Damodar Valley Corporation (DVC)

Respondents : West Bengal State Electricity Distribution Company Ltd.
& Another

Parties Present : Shri M.G. Ramachandran, Senior Advocate, DVC
Ms. Anushree Bardhan, Advocate, DVC
Shri Rajiv Yadav, Advocate, DVPCA
Shri Manik Rakshit, DVC
Shri Subrata Ghosal, DVC
Shri Samit Mandal, DVC



Record of Proceedings

Cases were called out together for virtual hearing.

2. Learned senior counsel for the Petitioner submitted that Petition No. 482/TT/2020 has been filed for truing up of tariff of the 2014-19 period and for determination of tariff of the 2019-24 period for Existing T&D System Network of DVC; Petition No. 466/TT/2020 has been filed for truing up of capital expenditure of the 2014-19 period and determination of transmission tariff of the 2019-24 period in respect of 400 kV Transmission Lines which are non-ISTS lines carrying ISTS Power of DVC network and Petition No. 713/TT/2020 has been filed for truing up of transmission tariff of the 2014-19 period and determination of transmission tariff of the 2019-24 period for new elements of T&D System Network of DVC.

3. Learned senior counsel for the Petitioner submitted that Petition No. 482/TT/2020, Petition No. 466/TT/2020 and Petition No. 713/TT/2020 are related to the existing lines of DVC, deemed ISTS lines and new ISTS lines respectively and as such they are being taken up together as issues in these petitions are common.

Petition No. 482/TT/2020

4. Learned senior counsel for the Petitioner submitted that the number of bays considered by the Commission with respect to T&D System for the 2014-19 tariff period in order dated 9.8.2019 in Petition No. 150/TT/2018 excluded 1802 nos. bays constructed out of the contributions of distribution consumers. He further submitted that O&M Expenses are mandatorily incurred by the Petitioner on regular basis on these bays and are allowable as per the Tariff Regulations. The Petitioner has inadvertently not included these bays due to confusion regarding whether the bays belong to generation or transmission. Learned senior counsel for the Petitioner submitted that normative O&M Expenses against these 1802 bays in existence and utilized for T&D purpose has been claimed in the instant petition. He further submitted that SLDC certification in respect of 1802 bays has been furnished. He submitted that 1802 bays are substantial in number and after prudence check they are required to be considered by the Commission as part of the transmission system which in turn entitles the Petitioner for O&M Expenses. He submitted that information sought through Record of Proceedings dated 13.7.2020 has been filed by DVC vide affidavit dated 12.8.2020.

5. Learned senior counsel for the Petitioner submitted that based on the liberty granted by the Commission in the respective previous tariff orders, DVC in the instant true up petition, has raised the following claims:

- i. Pension and Gratuity - Allowed to be claimed and liberty was granted vide order dated 4.9.2019 in Petition No. 197/MP/2016.
- ii. Pay Revision 7th CPC - Impact on pay revision due to implementation of 7th Pay Commission to be claimed as decided vide order dated 4.9.2019 in Petition No. 197/MP/2016;



- iii. GST - Implementation of GST was allowed to be claimed as 'Change in Law' in terms of order dated 14.3.2018 in Petition No. 13/SM/2017 and dated 17.12.2018 in Petition No. 01/SM/2018.
- iv. Sinking Fund - DVC has claimed Sinking Fund Contribution which has been upheld by APTEL and Hon'ble Supreme Court in judgments dated 23.11.2007 and 23.7.2018 respectively
- v. Common Office Expenditures - Based on projection basis allowed to be claimed and liberty was granted vide order dated 9.8.2019 in Petition No. 150/TT/2018.
- vi. Subsidiary Activities - APTEL judgment dated 23.11.2007 has affirmed that DVC needs to be allowed these expenses as a pass through element in the tariff. This judgment of APTEL was affirmed by Hon'ble Supreme Court vide judgment dated 23.7.2018 in Civil Appeal Nos. 971-973 of 2008 in the matter of Bhaskar Shrachhi Alloys Ltd. V. Damodar Valley Corporation (2018) 8 SCC 281.
- vii. Refinance of Loan - Allowed as per the provisions of the 2014 Tariff Regulations.
- viii. CISF Security Expenses - Incurred towards T&D System for sub-stations. DVC has prayed to allow security expenses considering deployment of CISF as per the directive of the Home Ministry for the operation period 2014-19 period.
- ix. Mega Insurance Expenses - DVC has prayed to allow mega insurance to ensure that the consumers do not suffer from any tariff shock in case of major catastrophe like fire, earth-quake etc.
- x. Minimum Alternate Tax (MAT) - DVC has claimed Return on Equity (RoE) with applicable MAT rate.

6. Learned senior counsel submitted that the Commission is determining the tariff of the entire transmission system of DVC including 33 kV system. DVC is the only entity which distributes electricity in more than one State. He submitted that the Commission should consider and allow 1 % additional ROE to DVC as is provided under the State Electricity Regulations when they deal with Distribution system of 33 kV level.

7. Learned senior counsel submitted that Additional Capital Expenditure (ACE) for the 2014-19 period allowed vide order dated 9.8.2019 and actual year-wise ACE claimed alongwith necessary justification has been furnished in the petition. He submitted that DVC vide affidavit dated 12.8.2020 has emphasized on the provisions under Regulation 1.3(ii) of Central Electricity Regulatory (Indian Electricity Grid Code) Regulations, 2010



which provides DVC system as a State Transmission Utility, hence DVC is not required to approach SCM/ RPC for any renovation and modernisation in respect of T&D System. He further submitted that no other claims pertaining to capital cost, servicing etc. have been made in the instant petition.

Petition No. 466/TT/2020

8. Learned senior counsel for Petitioner submitted that capital cost for 2014-19 period allowed by the Commission vide order dated 5.2.2020 in Petition No. 334/TT/2018 and claimed in the instant petition with respect to four assets forming part of 'Non-ISTS Line carrying ISTS Power' has been furnished by the Petitioner. He submitted that DVC has filed reasons/ justifications with supporting documents claiming to condone the entire time over-run in execution of Asset-IV as the same is not on account of DVC.

9. Learned senior counsel for the Petitioner submitted that as per the directions of the Commission vide order dated 5.2.2020 in Petition No. 334/TT/2018, DVC has submitted the status of compliances with respect to ACE, de-capitalization, time over-run with justifications in case of Asset-IV, IDC, Pension and Gratuity Contribution and Pay Revision in the instant true up petition. He submitted that pursuant to the directions of the Commission vide RoP dated 13.7.2020, all the information has been furnished by DVC vide affidavit dated 12.8.2020. He further submitted that details with respect to all the tariff elements allowed in earlier tariff order and claimed in the instant petition have been furnished in the instant petition.

Petition No. 713/TT/2020

10. Learned senior counsel for the Petitioner submitted that the Commission vide order dated 5.2.2020 in Petition No. 335/TT/2018 determined the tariff of 2014-19 period for five Assets/elements involved in the DVC's new T&D Network. He submitted that the Commission vide order dated 5.2.2020 had granted liberty to DVC to raise the issues of Revised Cost Estimate for Asset-IV, delay in project execution of Asset-I and Asset-II etc. at the time of filing of instant true-up petition.

11. Learned senior counsel for the Petitioner submitted that a single consolidated AFC for T&D System of DVC consisting of new elements in the instant petition and elements from Petition No. 482/TT/2020 may be allowed. He submitted that the consolidated AFC will be the input cost in the ARR proceedings to be recovered from the distribution retail consumers on approval by WBSERC and JSERC. He further submitted that submissions made in Petition No. 482/TT/2020 with respect to the claims of Pension and Gratuity, Pay Revision, GST, Sinking Fund etc. may also be considered in the instant Petition.

12. Learned counsel for Damodar Valley Power Consumer Association (DVPCA) submitted that he is facing difficulty in filing the objections on the portal despite Commission permitting it to do so. He submitted that DVPCA was made a party in Petition No. 150/TT/2018. However, in the instant true up petition, DVPCA has not been impleaded as a party.



13. The Commission directed the staff to facilitate DVPCA to file/ upload its objections in all the three petitions and directed the Petitioner to provide all the documents to DVPCA. The Commission further observed that there is no need to implead DVPCA as a party and directed it to file its objections by 14.5.2021 with a copy to the Petitioner and the Petitioner to file its comments, if any, by 21.5.2021.

14. The Commission further directed the Petitioner to file the following information on affidavit with advance copy of the Respondents by 14.5.2021:

In Petition No. 713/TT/2020:

- a. Board Approval for RCE submitted vide affidavit dated 24.2.2021.
- b. Form 7A for Assets I to V
- c. Clarification regarding mismatch between the ACE claimed vide Auditor's certificate and tariff forms.
- d. Information in respect of "Pension & Gratuity Contribution and Pay Revision" as sought by the Commission in previous order.

In Petition No. 466/TT/2020:

- a. Form 7A for Assets I & II and Form 7 for Asset I.

15. Subject to above, the Commission reserved order in all the three matters.

By order of the Commission

Sd/
(V. Sreenivas)
Deputy Chief (Law)

