

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 514/TT/2019

- Subject** : Petition for truing up of transmission tariff of the 2014-19 period and determination of transmission tariff of the 2019-24 period for two assets under Transmission System associated with Contingency plan for evacuation of power from IL&FS (2x600 MW) in Southern Region.
- 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** : Power Grid Corporation of India Ltd.
- Respondents** : Karnataka Power Transmission Corporation Ltd. & 18 Others
- Parties present** : Shri B. Vinodh Kanna, Advocate, TANGEDCO
Shri S. S. Raju, PGCIL
Shri A. K. Verma, PGCIL
Shri B. Dash, PGCIL
Shri Ved Prakash Rastogi, PGCIL
Ms. R. Ramalakshmi, TANGEDCO
Dr. R. Kathiravan, TANGEDCO

Record of Proceedings

Case was called out for virtual hearing.

2. The representative of the Petitioner 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 for the following assets:



Asset-1: LILO of 2nd circuit of Neyveli-Trichy 400 kV D/C Transmission Line at Nagapattinam Pooling Station along with associated bays; and

Asset-2: Strengthening of Neyveli TS-II-TS-I expansion link with higher capacity conductor under Transmission System associated with Contingency plan for evacuation of power from IL&FS (2x600 MW) in Southern Region.

- b. Assets-1 and 2 were put under commercial operation on 29.9.2015 and 9.11.2015 respectively.
- c. The Commission vide order dated 20.7.2016 in Petition No. 51/TT/2015 allowed tariff of the instant assets for the period from COD to 31.3.2019. In the said order, Commission directed the Petitioner to submit proper justification and approval of the Board of Directors for apportionment and re-apportionment of approved estimated cost at the time of truing up. In addition to this, the Commission also directed the petitioner to submit the actual details of de-capitalization of Asset-2.
- e. For tariff determination of the 2014-19 period, the FR cost has been apportioned between the assets considering cost of equipment, IDC and IEDC leaving the contingency amount of FR in the 2nd element. Subsequently it has been apportioned between the 02 elements considering all components of the expenses (i.e. expenses on T&P and contingent). There is no variation in FR cost and as such it does not require approval of Board of Directors.
- f. With regard to decapitalization of Asset-2, the Petitioner has clarified re-conductoring was done w.e.f. 9.11.2015 in the instant project covered under Petition No. 51/TT/2015 as approved by SRPC. Accordingly, gross block has been de-capitalized from the date of re-conductoring i.e. 9.11.2015 in the original project Transmission System Neyveli Trichy 400 kV D/C line at Neyveli TPS-I Expansion Switchyard for the Southern Region in truing up Petition No.133/TT/2020. The Commission may consider de-capitalization in the original petition and allow entire claimed cost in the instant petition without any deduction/restriction.
- g. The tariff for the subject assets for 2014-19 period is claimed based on the actual capital cost along with ACE incurred during 2014-19 period. While claiming the tariff for the 2014-19 period, ACE incurred during 2017-18 and Liquidated Damages (LD) amount recovered from the contractor were adjusted in the capital cost because in case of Asset-1, the Commission did not condone the time over-run and reserved its decision with respect to admission of IDC at the time of truing up.
- h. In case IDC with reference to Asset-1 is disallowed, LD should not be deducted again from the capital cost;



- i. The Petitioner vide affidavit dated 20.4.2012¹ has submitted copy of Investment Approval, liability statement of assets, cash IDC, LD adjustment details, Form 5 and 13 etc., as additional information.
3. Learned counsel for TANGEDCO made the following submissions:
 - a. The Petitioner has failed to produce any documentary evidence for the time over run in the final tariff petitions. As per proviso under Regulation 11(A)(2) and 11 (B)(2) of the 2014 Tariff Regulations, IDC and IEDC corresponding to the delayed period can be allowed only if the delay is due to uncontrollable factors. The delay on account of the contractor is not covered under uncontrollable factors. There is no nexus in the regulation between LD, IDC and IED and as such IDC and IEDC with respect to Asset-1 for time over-run may be disallowed.
 - b. On account of the re-conductoring in respect of Asset-2, the gross block of the original project transmission system has been de-capitalized in Petition No. 144/TT/2014. The Petitioner's claim is wrong and misleading because as per the direction of the Commission in various matters, the gross block of the old de-capitalised conductors has to be deducted from the gross block of the instant asset. The petitioner cannot deduct in the old asset base.
 - c. Order of the Commission in Petition No. 144/TT/2014 shows that no such de-capitalisation is done by the Petitioner, hence the claim of the Petitioner is unfair, unethical and is liable to be dismissed.
 - d. The new Sharing Regulations notified on 4.5.2020 came into effect on 1.11.2020 and therefore yearly transmission charges from March, 2019 to 31.10.2020 have to be shared as per the 2010 Sharing Regulations and from November, 2020 as per the new Sharing Regulations notified on 4.5.2020.
4. In response to a query of the Commission regarding re-capitalization date, the representative of the Petitioner submitted that re-capitalization date is 9.11.2015 i.e. COD of the asset which is reflected during 2015-16 period in Petition No. 133/TT/2020.
5. In response to another query of the Commission regarding the place of de-capitalization and re-capitalization of the asset, the representative of the Petitioner submitted that initially the line was covered in NLC Expansion Project in Petition No. 133/TT/2020 and thereafter, conductor was replaced with higher configuration. Original conductor that was replaced is covered in Petition No. 133/TT/2020. The Petitioner has replaced the conductor and during the de-capitalization and re-capitalization procedure, the asset was physically at the same place.
6. As regards time over-run in case of the instant assets, the representative of the Petitioner submitted that in case of Asset-2, delay of 3 months and 27 days was condoned whereas in case of Asset-1, delay of 2 months and 16 days was not condoned.



7. In response to another query of the Commission regarding deduction of LD amount from the capital cost, the representative of the Petitioner submitted that the same has been deducted and requires due consideration of the Commission while allowing tariff in the matter.

8. The Commission directed the Petitioner to file rejoinder to the reply of TANGEDCO, if any, by 10.5.2021 with advance copy of the same to the Respondent.

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

By order of the Commission

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

