

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
New Delhi**

**Petition No. 46/TT/2014**

**Coram:**

**Shri P.K. Pujari, Chairperson  
Shri Arun Goyal, Member  
Shri Pravas Kumar Singh, Member**

**Date of Order: 11.09.2021**

**In the matter of:**

Approval under Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 for determination of Transmission Tariff of five no. of assets Common scheme for 765 kV Pooling Stations and Network for NR, Import by NR from ER and from NER/SR/WR via ER and Common scheme for network for WR and Import by WR from ER and from NER/SR/WR via ER in Western Region for tariff 2009-14 period.

**And in the matter of:**

Power Grid Corporation of India Limited,  
SAUDAMINI, Plot No-2,  
Sector-29, Gurgaon-122 001 (Haryana)

**..... Petitioner**

**Vs.**

1. Madhya Pradesh Power Management Company Limited,  
Shakti Bhawan, Rampur,  
Jabalpur - 482008
2. Maharashtra State Electricity Distribution Company Limited,  
Prakashgad, 4<sup>th</sup> Floor,  
Andheri (East), Mumbai – 400052
3. Gujarat Urja Vikas Nigam Limited,  
Sardar Patel Vidyut Bhawan,  
Race Course Road, Varodara - 390007
4. Electricity Department,  
Government of Goa,  
Vidyut Bhawan, Panaji,  
Near Mandvi Hotel, Goa - 403001
5. Electricity Department,  
Administration of Daman and Diu,  
Daman – 396210



6. Electricity Department,  
Administration of Dadra Nagar Haveli,  
U.T., Silvassa – 396230
7. Chhattisgarh State Electricity Board,  
P.O. Sunder Nagar, Dangania, Raipur,  
Chhattisgarh – 492013
8. Madhya Pradesh Audyogik Kendra,  
Vikas Nigam (Indore) Limited,  
3/54, Press Complex, Agra-Bombay Road,  
Indore – 452008

.....Respondents

**For Petitioner** : Ms. Swapna Seshadri, Advocate, PGCIL  
Shri Aditya H. Dubey, Advocate, PGCIL  
Shri S.S. Raju, PGCIL  
Shri D.K. Biswal, PGCIL  
Shri Ved Prakash Rastogi, PGCIL  
Shri A.K. Verma, PGCIL

**For Respondent** : Shri Anindya Khare, MPPMCL

### ORDER

The instant petition was filed by Power Grid Corporation of India Limited for determination of transmission tariff for 2009-14 period as per the Central Electricity Regulatory Commission (Terms and Conditions of Tariff), Regulations, 2009 (hereinafter referred to as “2009 Tariff Regulations”) in respect of the following transmission assets:

- (i) Asset-I: LILO point (at Dharmajaygarh near Korba WR SS)-Ranchi portion of 765 kV S/C Ranchi-WR pooling station line along with bays at Ranchi 765 kV Sub-station;
- (ii) Asset-II: 765 kV 3x80 MVAR Bus Reactor I along with bays at Ranchi 765 kV Sub-station;
- (iii) Asset-III: 765 kV 3x/80 MVAR Bus Reactor II along with bays at Ranchi 765 kV Sub-station;
- (iv) Asset-IV: 400 kV 125 MVAR Bus Reactor I along with bays at Ranchi 765 kV Sub-station, and
- (v) Asset-V: 400 kV 125 MVAR Bus Reactor II along with bays at Ranchi 765 kV Sub-station under Common Scheme for 765 kV Pooling Stations and Network for NR, Import by NR from ER and from NER/SR/WR via ER and Common



scheme for network for WR and Import by WR from ER and from NER/SR/WR via ER in Western Region for tariff block 2009-14 period in terms of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter "the 2009 Tariff Regulations").

2. The Commission vide order dated 29.7.2016 allowed transmission tariff in respect of Asset-III, Asset-IV and Asset-V, which were put into commercial operation on 1.2.2014 under the 2009 Tariff Regulations. The Commission restricted the Incidental Expenditure During Construction (IEDC) for the said assets to 5% of the "Hard Cost" based on the Abstract Cost Estimate in order dated 29.7.2016. The relevant portion of the order is as follows:

*"22. The petitioner has claimed Incidental Expenditure During Construction (IEDC) of Rs. 543.64 lakh. Further, the Petitioner vide affidavit dated 16.6.2016 has submitted that IEDC discharged up to COD is Rs. 543.64 lakh. The percentage on Hard Cost as indicated in the Abstract Cost Estimate has been considered as the allowable limit to the IEDC. In the current petition, 5% of the Hard Cost (i.e. Rs. 283.33 lakh) is the maximum limit for allowing IEDC. The IEDC claim of Rs. 543.64 lakh exceeds the abstract cost estimate, i.e. 5 % of the hard cost, as on COD. Hence, Rs. 260.31 lakh (i.e. Rs. 543.64- Rs. 283.33 lakh) has been disallowed from the capital cost as on COD."*

3. Aggrieved with the Commission's order dated 29.7.2016 in Petition No. 46/TT/2014, the Petitioner filed Review Petition No. 2/RP/2017. The Commission vide order dated 5.10.2017 in Petition No. 2/RP/2017 disposed of the review petition with the observation that there was no error apparent in order dated 29.7.2016.

4. The Petitioner challenged the Commission's order dated 29.7.2016 in Petition No. 46/TT/2014 by way of Appeal No. 95 of 2018 and order dated 5.10.2017 in Review Petition No. 2/RP/2017 by way of Appeal No. 140 of 2018 before the Appellate Tribunal for Electricity (APTEL). APTEL allowed the Appeal No.95 of 2018 and Appeal No. 140 of 2018 vide judgment dated 2.12.2019 and set aside the Commission's order dated 29.7.2016 in Petition No. 46/TT/2014 and order dated 5.10.2017 in Petition No. 2/RP/2017. APTEL in its judgment dated 2.12.2019 held that IEDC should be computed only on actual basis after due prudence check based on the data submitted by the Appellant in accordance with Tariff Regulations



and remitted back the matter to the Commission with a direction to allow IEDC in accordance with the Tariff Regulations. The relevant portion of the judgment dated 2.12.2019 is as follows:

*“7.17 Accordingly, we hold that IEDC should be computed only on actual basis after due prudence check based on the data submitted by the Appellant in accordance with the Tariff Regulations.”*

5. Pursuant to the said judgment of APTEL, the Petitioner filed Petition No. 1/TT/2019 for truing up of transmission tariff of 2009-14 period and determination of tariff for 2014-19 period in respect of the following transmission assets:

Asset-1: 765 kV, 240 MVAR Bus Reactor at Balia Sub-station;

Asset-2: 765 kV Line bays at Sasaram Sub-station (for 765 kV Sasaram-Fatehpur Transmission Line under Sasan Project);

Asset-3: 765 kV, 3x110 MVAR Bus Reactor along with associated bays at Sasaram Sub-station;

Asset-4: 400 kV D/C (Quad) Ranchi (New)-Ranchi (Old)-I Ckt. 1 Transmission Line and associated 400 kV line bays at Ranchi (New) Sub-station and Ranchi (old) Sub-station;

Asset-5: 765/400 kV, 3x500 MVA ICT-II at Ranchi along with associated bays at 765 kV Ranchi (New) Sub-station;

Asset-6: Combined Asset of Asset 6 (a): 765 kV 3x80 MVAR Bus Reactor-II along with associated bays at Ranchi 765 kV Sub-station; Asset 6(b): 400 kV 125 MVAR Bus Reactor-I along with associated bays at Ranchi 765 kV Sub-station; Asset 6(c): 400 kV 125 MVAR Bus Reactor-II along with associated bays at Ranchi 765 kV Sub-station;

Asset-7: 240 MVAR Switchable Line Reactor along with associated bays at Bilaspur Pooling Station; and,

Asset-8: 240 MVAR Bus Reactor at Agra Sub-station under “Common Scheme for 765 kV Pooling Station and Network for NR, Import by NR from ER and Common Scheme for network for WR and Import by WR from ER and from NER/SR/WR via ER” in Eastern, Northern and Western Region.



6. Asset-III, Asset-IV and Asset-V whose tariff for 2009-14 period was determined vide order dated 29.7.2016 in Petition No. 46/TT/2014 were combined as Combined Asset-6 i.e. Asset-6(a), Asset-6(b) and Asset-6(c) in Petition No. 1/TT/2019. The Commission in order dated 4.2.2020 in Petition No. 1/TT/2019 has trued up the tariff of 2009-14 period in respect of Combined Asset-6 i.e. Asset-6(a), Asset-6(b) and Asset-6(c) and also determined their tariff along with other transmission assets for 2014-19 tariff period.

7. In terms of the APTEL's judgment dated 2.12.2019 in Appeal No. 95 of 2018 and Appeal No. 140 of 2018, the present petition was listed for hearing on 31.8.2021 on the limited issue of implementation of directions of the APTEL.

8. Learned counsel for the Petitioner during the course of hearing on 31.8.2021 has submitted that as per the APTEL's judgment dated 2.12.2019 in Appeal No. 95 of 2018 and Appeal No. 140 of 2018, IEDC of the Project has to be calculated on actual basis after due prudence check. Learned counsel further submitted that the Commission in order dated 4.2.2020 in Petition No. 1/TT/2019 observed that tariff is approved for individual assets which are subsequently combined when all the assets of the Project are brought under commercial operation. Thus, prudence can only be applied with reference to the combined IEDC as per FR cost/ RCE on completion of the Project.

9. Learned counsel for the Petitioner submitted that the Commission in order dated 4.2.2020 in Petition No. 1/TT/2019 has applied prudence check on IEDC in the manner as propounded by APTEL in its judgment dated 2.12.2019 in case of the Combined Asset consisting of Asset 6(a): 765 kV 3x80 MVAR Bus Reactor-II along with associated bays at Ranchi 765 kV Sub-station; Asset 6(b): 400 kV 125 MVAR Bus Reactor-I along with associated bays at Ranchi 765 kV Sub-station; and Asset 6(c): 400 kV 125 MVAR Bus



Reactor-II along with associated bays at Ranchi 765 kV Sub-station. Learned counsel further submitted that remand proceedings of the present petition has been completed in Petition No. 1/TT/2019 and nothing further survives in the present petition.

10. As submitted by the learned counsel for the Petitioner, the Commission in order dated 4.2.2020 in Petition No. 1/TT/2019 has tried up the transmission tariff for 2009-14 period and determined the tariff for 2014-19 period in respect of transmission assets covered in this Petition No. 46/TT/2014, wherein IEDC has been computed as per APTEL's judgments dated 2.12.2019 in Appeal No. 95 of 2018 and Appeal No. 140 of 2018.

11. As the APTEL's direction in judgement dated 2.12.2019 has already been complied with in order dated 4.2.2020 in Petition No.1/TT/2019, the instant remand proceedings are closed.

**sd/-**  
**(Pravas Kumar Singh)**  
**Member**

**sd/-**  
**(Arun Goyal)**  
**Member**

**sd/-**  
**(P. K. Pujari)**  
**Chairperson**

