

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

**I.A. No. 32/2021
in
Petition No. 92/MP/2021**

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

Date of order: 4.06.2021

In the matter of

Interlocutory application on behalf of Petitioner Essar Power Transmission Company Limited for interim relief of payment of Provisional Tariff for the Stage-1 assets from the PoC pool from July, 2020 with interest.

**And
In the matter of**

Essar Power Transmission Company Limited,
Lower Ground Floor, Hotel Treebo Conclave Riviera,
A-20, Kailash Colony, New Delhi- 110048 ...Petitioner

Versus

1. Power Grid Corporation of India Limited,
(Through CTU)
B-9, Qutab Industrial Area,
Katwaria Sarai,
New Delhi-110016. ...Respondent No. 1

2. Western Regional Load Despatch Centre,
F-3, M.I.D.C. Area, Marol,
Andheri (East), Mumbai-400093. ...Respondent No. 2

3. M.P. Power Management Company Limited,
Shakti Bhawan, Rampur, Jabalpur,
Madhya Pradesh- 482008 ...Respondent No. 3

4. National Load Despatch Centre
Power System Operation Corporation Limited
B-9 (1st Floor), Qutab Institutional Area,
Katwaria Sarai, New Delhi -110016 ...Respondent No.4
5. Western Regional Power Committee,
F-3, MIDC Area, Marol,
Opp. SEEPZ, Central Road,
Andheri (East), Mumbai-400093. ...Respondent No. 5
6. Essar Power M P Limited,
LGF, A-20, Kailash Colony, Hotel Conclave Complex,
Block A, Kailash Colony, Greater Kailash,
New Delhi- 110048 ...Respondent No. 6

Parties Present

Shri Alok Shankar, Advocate, EPTCL

ORDER

The Petitioner, Essar Power Transmission Company Ltd., has filed the present Interim Application, with the following prayers:

“a) Direct payment of Provisional Tariff for the Stage-1 assets from the PoC pool from July 2020 with interest.

b) Pass any other appropriate Order/ Directions.”

Background

2. Essar Power MP Limited (EPMPL) has set up a 1200 MW (2x600 MW) thermal power plant (in short, “the Generating Station”) at district Singrauli in the State of Madhya Pradesh and has entered into Long Term Power Purchase Agreement (PPA) with Essar Steel for supply of 450 MW of power for a period of 12 years. According to the PPA, power from the Generating Station was to be evacuated through the 400 kV D/C Mahan-Sipat Transmission Line terminating at WR Pooling Station at Bilaspur.

The evacuation system from the Generating Station was developed by the Petitioner, pursuant to inter-State transmission license granted by the Commission, vide Order dated 10.4.2008. The license was subsequently modified by Order dated 15.9.2009.

3. In terms of the transmission license granted by the Commission vide order dated 10.4.2008, the Petitioner was required to develop the following transmission lines and sub-stations:

Transmission lines

- (i) 400 kV (triple conductor) D/C transmission line from Mahan to Sipat Pooling sub-station.
- (ii) LILO of existing 400 kV S/C Vindyanchal-Korba transmission line of PGCIL at Mahan.
- (iii) 400 kV D/C (twin conductor) transmission line from Gandhar NTPC switch yard to Hazira.
- (iv) 400 kV D/C (quad conductor) transmission line from Mahan to Sipat Pooling sub-station.

Sub-stations

- (i) 3X500 MVA, 400/220kV sub-station at Hazira.
- (ii) 2x50 MVAR line reactors at Sipat pooling sub-station.
- (iii) 2x50 MVAR line reactors at Mahan.
- (iv) 1x80 MVAR, 420 kV Switchable bus reactors at Mahan TPS along with its associated 400 kV bay
- (v) 2 Number 400 kV line bays at Sipat pooling sub-station.
- (vi) 2 Number 400 kV line bays at Gandhar (NTPC) switchyard.
- (vii) Number 400 kV line bays at Mahan TPS.

4. SCOD for the transmission lines and sub-stations was divided into Stage-I and Stage-II as detailed below, with SCOD of both stages as 15.7.2011. Assets of Stage-I achieved CoD on 1.4.2013 after delay of 24 months and assets of Stage-II have achieved CoD on 22.9.2018.

Stage - I		
I	Transmission Lines	Units (in km)
(1)	400 kV D/C Twin conductor transmission line from Gandhar NTPC switchyard to Hazira	104.60
(2)	LILO of 400 kV S/C Vindhyanchal – Korba transmission line at Mahan	22.40
II	400/220 kV GIS Sub-station at Hazira	Units (in number)
(1)	500 MVA (400 kV / 220 kV) transformers at Hazira	3*
(2)	220 kV Bays at Hazira	2
(3)	440 kV S/S & line bays (GIS) at Hazira	5
(4)	400 kV line bays (GIS) at Gandhar	2#

*2 out of 3 transformers commissioned

#2 Bays at Gandhar developed, owned, operated and maintained by NTPC Ltd.

Stage - II		
I	Transmission Lines	Units (in km)
(1)	400 kV D/C Quad Moose transmission line from Mahan TPP to Sipat Substation	336.70
II	Line Bays	Units (in number)
(1)	400 kV line bays at Mahan and Sipat	4
III	Reactors	Units (in number)
(1)	50 MVAR line reactors at Sipat pooling S/S	2
(2)	50 MVAR line reactors at Mahan TPS	2
(3)	80 MVAR bus reactor at Mahan TPS and its associated bay	1

5. Essar Power MP Limited had approached the Commission vide Petition No. 10/MP/2018 seeking continuation of interim LILO arrangement of 400 kV Vindhyachal-Korba circuit beyond 20.1.2018. The Commission vide order dated 19.1.2018 observed as under:

*“10. Keeping in view the decision in the minutes of the meeting in CEA held on 5.1.2018, **we direct the Petitioner to ensure completion of the Mahan-Sipat line by 31.3.2018.** Till that time, status quo shall be maintained. If the transmission line is not commissioned by the Petitioner on or before 31.3.2018, CTU shall take immediate necessary action for disconnection of the LILO arrangement with effect from 1.4.2018.*

11. The Petitioner is directed to submit the fortnightly progress report of the execution of transmission line.”

6. PGCIL filed Petition No. 132/MP/2018 seeking continuation of LILO of 400 kV S/c Vindhyachal-Korba transmission line (in short, ‘the LILO’) at Mahan Super Thermal Power Station subject to completion of 400 kV d/c Mahan-Sipat transmission line by the Petitioner. The Commission vide order dated 21.1.2020 has observed as under:

*“27. On perusal of submissions of the Petitioner and Respondent MPPMCL and reply of the Petitioner to the queries of the Commission vide RoP dated 20.12.2018, we observe that **though LILO was considered to be only a temporary element at inception,** subsequent system studies suggest that the LILO may be continued as a permanent element in order to enhance grid stability. While hearing the plea of the Respondent 1 and 2 to make the LILO a permanent element, APTEL had granted liberty to Respondents 1 and 2 to approach appropriate legal forum vide its order dated 27.03.2018. The prayer of the Petitioner in this Petition is “.... continuation of the LILO till finalization of suitable alternatives (if any) as may be identified through system studies to address the high short circuit level issue”. Thus, the Petitioner is similar to that for which liberty was granted to the Respondents 1 and 2 by APTEL.*

29. Keeping in view the fact that the Petitioner has stated that the 400 kV Essar Mahan to Sipat requires additional anchoring and that CEA, CTU, WRPC, Respondents 1 and 2 in a meeting held on 28.06.2017 agreed that the LILO would help to take care of oscillations in the grid under outage of one circuit of Mahan TPS Bilaspur pooling station 400 kV D/C line, we agree to the request of the Petitioner to continue the LILO for a further period of six months. However, since the current system studies point out that due to LILO, there is increase in fault level at Vindhyachal, the Petitioner is directed to complete the system studies within two months, deliberate the same in WRPC, discuss with CEA and take appropriate action for rectifying the fault level and submit a report to the Commission along-with copy of the system studies and deliberations for taking an appropriate view with regard to the continuance or otherwise of the LILO.

30. MPPMCL has submitted that continuation of LILO as a permanent element would burden the beneficiaries with the additional PoC charge of LILO of Vindhyachal – Korba 400kV S/c line at Mahan TPS. We observe that Essar Mahan has already relinquished its full LTA as on 30.4.2018 as noted in Order dated 7.10.2019 in Petition No. 187/MP/2017. We also observe that the instant LILO line is the dedicated line of Essar Mahan. Accordingly, the generating station is liable to pay transmission charges for same.....

.....
Accordingly, till the Commission takes a final view as per para 29 above, the Respondent No.1 will be liable to pay the transmission charges for the instant LILO line.

7. Vide the above-mentioned order dated 21.1.2020, in light of increase in fault level at Vindhyachal due to the LILO as per then available system study, the Commission directed CTU (the Petitioner in Petition No. 132/MP/2018) to complete system studies and submit a report to the Commission along with copy of the system studies and deliberations so as to enable the Commission in taking an appropriate view with regard to continuance or otherwise of the LILO. The Commission also directed that till the Commission takes a final view on the issue, EPMPPL shall bear the transmission charges for the LILO.

8. Subsequently, during the 2nd Meeting of the Validation Committee for the year 2020-21 held on 29.05.2020 for implementation of Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010, following deliberations took place:

*“(v) As per CERC Order dated 20.01.2020 in Petition no: 132/MP/2018, CERC had directed M/s Essar Power Ltd. to pay transmission charges for LILO of 400kV Vindhyachal-Korba at Essar Mahan. **Thus, YTC of LILO of 400kV Vindhyachal-Korba at Essar Mahan is to be excluded from POC sharing mechanism.** However, CERC Tariff Order has no separate tariff for the said asset. The tariff was approved along with other assets (GIS S/s at Hazira and 400kV Hazira-Gandhar line vide CERC Order dated 19.12.18 in Petition No. 173/TT/2013 and 111/TT/2015.). The issue has been discussed in Validation Committee meeting. It was opined that in the absence of exclusive tariff for the LILO asset, the same cannot be excluded separately. Hence, it was decided to exclude entire tariff of the combined assets (i.e tariff for LILO of 400 kV Vindhyachal-Korba at Essar Mahan, GIS S/s at Hazira and 400kV Hazira-Gandhar line) from the POC computations in line with CERC Order dated 20.01.2020. Also, Implementing Agency was directed to inform M/s EPTCL to approach Commission to get the tariff of the LILO of 400kV Vindhyachal-Korba at Essar Mahan in appropriate time so that it can be excluded from the computations.”*

9. As deliberated in the above-mentioned meeting of the Validation Committee, in the absence of exclusive tariff for the LILo asset, entire tariff of the assets under Stage-I was excluded from the POC computations with effect from July 2020.

10. NLDC vide its email dated 29.5.2020 suggested the Petitioner to get separate tariff of the LILo determined and approved by the Commission so that only tariff of the LILo (and not the tariff for all the assets) are excluded from the PoC computations. Consequently, the Petitioner filed the Petition No. 92/MP/2021 seeking segregation of the tariff of the LILo from other assets under Stage-1.

11. The Petitioner has filed the present I.A. for grant of provisional tariff for the assets under Stage-1 by excluding the tariff of the LILo from the PoC pool from July 2020 with interest.

Capital Cost of Assets under Stage-I

12. The Petitioner initially claimed capital cost of Rs 495.87 crore and an annual tariff of Rs 112.71 crore for the assets under Stage-I. The Commission vide order dated 19.12.2018 in Petition No. 173/TT/2013 and Petition No. 111/TT/2015 approved capital cost of Rs. 366.23 crore and an annual tariff of Rs 79.92 crore. Out of Rs. 366.23 crore, the Commission has approved hard cost for the LILo as Rs. 26.50 crore.

13. The Petitioner in the instant petition has prayed for tariff determination of the LILo based on the Commission's approved capital cost of Rs. 27.25 crore (hard cost of Rs 26.50 crore plus apportioned soft cost of Rs 0.75 crore). The Petitioner has submitted that the annual tariff determined on the basis of the capital cost would be

around ₹ 5.77 crore and thus, the tariff for the assets under Stage-I excluding the LILO would be around Rs. 74.15 crore.

14. The Petitioner has further submitted that the capital cost of LILO is only about 7.25% of the approved capital cost of the entire assets under Stage-I and, therefore, pending adjudication of the main Petition No. 92/MP/2021, the Petitioner should be allowed a provisional tariff from the approved tariff for assets under Stage-I by excluding the tariff of the LILO i.e. Rs. 74.15 crore (Rs. 79.92 crore minus Rs. 5.77 crore).

Submissions during hearing on 27.4.2021

15. The Petitioner submitted that the instant IA and the main Petition No. 92/MP/2021 were admitted on 19.3.2021. Through the Record of Proceedings of the hearing dated 19.3.2021, the Commission had directed the parties as under:

- a) Directed the Petitioner to implead EPMPPL as a party to the petition;
- b) Directed the CTU to submit the report with regard to the continuance or otherwise of the LILO as directed in the order dated 21.1.2020 in Petition No. 132/MP/2018; and
- c) Directed the Respondents, including EPMPPL to file their reply to the petition and IA and the Petitioner to file rejoinder.

16. The Petitioner further submitted that none of the Respondents have filed their replies and that CTU has filed the study report with regard to the continuance or otherwise of the LILO.

17. During the hearing, the Petitioner reiterated that the capital cost of LILO is only about 7.25% of the approved capital cost of the entire assets under Stage-I and,

therefore, pending adjudication of the main petition, the Petitioner should be allowed provisional tariff from the approved tariff for the assets under Stage-I.

18. CTU submitted that it has submitted the study report as required by the Commission in terms of directions vide order dated 21.1.2020 in Petition No. 132/MP/2018 and has proposed to keep the Vindhyachal-Mahan TPS 400 kV line section normally open to control the fault current at Vindhyachal. It further submitted that the study report has been submitted to WRPC for deliberation. However, the WRPC meeting has not been held since January 2020.

Report of CTU on continuation of LILO

19. CTU vide reply dated 20.4.2021 has submitted its report on the LILO and has proposed to keep the Vindhyachal-Mahan TPS 400 kV line section normally open to control the fault current. The matter regarding reliable evacuation of power from 2x600 MW units of Mahan TPS under full dispatch and control of short circuit contribution from Mahan TPS towards Vindhyachal STPS was discussed in the 1st WRPC (TP) meeting held on 11.01.2020. During the meeting, following was agreed:

“i. Mahan TPS — Vindhyachal 400kV line section (formed after LILO of one circuit of Vindhyachal — Korba STPP 400kV D/c line at Mahan TPS) shall be kept open. The same may be kept hot charged from Mahan TPS end so that it may be used under any contingency condition by closing the breaker at Vindhyachal end. However, for operational flexibility, system operator may decide about the end from which Mahan TPS - Vindhyachal 400kV line section is to be kept charged.

ii. *On receipt of LTA application from M/S EPMPL, system studies would be carried out to finalize the transmission system augmentation including re-configuration of the LILO as may be required.”*

Analysis and Decision

20. We have heard the submissions of the Petitioner and the CTU. The Petitioner in the present I.A. has sought payment of provisional tariff for the assets under Stage-I (excluding the LILO), from the PoC pool from July 2020 with interest. In its support, the Petitioner has stated that the capital cost of the LILO is about 7.25% of the approved capital cost of the entire assets under Stage-I and, therefore, pending adjudication of the main Petition No. 92/MP/2021, the Petitioner should be allowed provisional tariff from the approved tariff for assets under Stage-I.

21. The Commission vide its order dated 15.6.2016 read with Orders dated 28.2.2018 in Review Petition No. 33/RP/2016, dated 19.12.2018 in Petition No. 173/TT/2013 and Petition No. 111/TT/2015 had determined the transmission tariff for the year 2013-14 of the 2009-14 tariff period and trued-up the Annual Fixed Cost in respect of assets under Stage-I as under:

8. *The apportioned approved cost, capital cost claimed, capital cost allowed in the order dated 15.6.2016 and the revised capital cost considered for tariff based on the order dated 28.2.2018 in Review Petition No. 33/RP/2016 are as follows :*

(Rs. in lakh)

<i>Particulars</i>	<i>Apportionment of project cost as per para 25(b) of order dated 15.6.2016 in Petition No. 173/TT/2013 and Petition No. 111/TT/2015</i>	<i>Capital cost claimed in Petition No. 173/TT/2013 and Petition No. 111/TT/2015</i>	<i>Capital cost allowed in order dated 15.6.2016 in Petition No. 173/TT/2013 and Petition No. 111/TT/2015</i>	<i>Additional capital cost allowed vide order dated 28.2.2018 in Petition No. 33/RP/2016</i>	<i>Revised capital cost pursuant to order dated 28.2.2018 in Petition No. 33/RP/2016</i>
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>
<i>LILO of 400 kV Vidhyanchal-Korba S/C transmission</i>	<i>2373.00</i>	<i>3089.00</i>	<i>2650.00</i>	<i>0.00</i>	<i>2650.00</i>

<i>line of POWERGRID at Mahan</i>					
<i>400 kV (twin conductor) D/C transmission line from Gandhar (NTPC) switchyard to Hazira including two additional typical foundation in Narmada river crossing and cost of pile foundation near Hazira plant</i>	14633.00	30051.00	18402.00	6394.34	24796.34
<i>400/220 kV GIS S/S at Hazira</i>	10000.00	9450.00	8170.00	0.00	8170.00
<i>Total Hard Cost</i>	<i>Included above</i>	42590.00	29222.00	6394.34	35616.34
<i>IEDC</i>	<i>Included above</i>	459.00	69.02	107.77	176.79
<i>IDC</i>	<i>Included above</i>	6282.00	0.00	830.51	830.51
<i>Total cost as on COD</i>	----	49331.00	29291.02	7332.63	36623.65
<i>Additional Capital Expenditure for 2013-14</i>	-----	256.00	0.00	0.00	0.00
<i>Capital cost as on 31.3.2014 for Stage-I</i>	27006.00	49587.00	29291.02	7332.63	36623.65

22. The transmission charges determined by the Commission in respect of assets under Stage-I for the 2013-14 period are as under:

(Rs. in lakh)	
<i>Annual Transmission Charges</i>	
<i>Particulars</i>	<i>2013-14</i>
<i>Depreciation</i>	1916.21
<i>Interest on Loan</i>	3278.87
<i>Return on Equity</i>	2154.57

<i>Interest on Working Capital</i>	<i>189.78</i>
<i>O & M Expense</i>	<i>452.92</i>
<i>Total</i>	<i>7992.3</i>

23. We observe that the Commission had approved the total capital hard cost of the entire assets under Stage-I at Rs. 356.16 crore and the capital hard cost of the LILO at Rs. 26.50 crore, which amounts to 7.44% of the entire approved capital hard cost of assets under Stage-I. The transmission charges for assets under Stage-I has been determined as Rs. 79.92 crore and, therefore, excluding the pro-rata transmission charges for the LILO on basis of capital cost of the LILO, transmission charges for the assets under Stage-I (except the LILO) works out to Rs. 73.97 crore (92.56% of Rs. 79.92 crore).

24. However, we recognise that this tariff was granted for the year 2013-14. Considering the reduction in the loan component and recovery of depreciation during the intervening period, it would be appropriate to fix the provisional tariff at 90% of Rs. 73.97 crore, which works out to Rs. 66.537 crore.

25. Accordingly, we direct that the Petitioner shall be entitled to receive provisional transmission charges corresponding to Rs. 66.53 crore from the ISTS transmission charges Pool under CERC (Sharing of inter-State transmission charges and losses) Regulations, or the CERC (Sharing of inter-State transmission charges and losses) Regulations, 2020, as applicable, till the disposal of the Petition No. 92/MP/2021.

26. CTU is directed to submit its final report on the LILO, after deliberations in the WRPC meeting.

27. The IA No. 32/2021 is disposed of in terms of above. Petition No. 92/MP/2021 shall be listed for hearing in due course for which separate notice shall be issued.

Sd/
(Pravas Kr. Singh)
Member

Sd/
(Arun Goyal)
Member

Sd/
(I. S. Jha)
Member

Sd/
(P.K. Pujari)
Chairperson