

CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Review Petition No. 2/RP/2020

in

Petition No. 182/TT/2018

Coram:

Shri P.K. Pujari, Chairperson

Shri I. S. Jha, Member

Date of Order: 10.05.2022

In the matter of:

Review petition under Section 94(1)(f) of the Electricity Act, 2003 read with Regulation 103 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, seeking review of the order dated 1.11.2019 in Petition No. 182/TT/2018.

And in the matter of:

Power Grid Corporation of India Limited,
SAUDAMINI, Plot No-2,
Sector-29, Gurgaon-122001 (Haryana).

.....Petitioner

Versus

1. Madhya Pradesh Power Management Company Limited,
Shakti Bhawan, Rampur,
Jabalpur-482008
2. Madhya Pradesh Power Transmission Company Limited,
Shakti Bhawan, Rampur
Jabalpur-482008.
3. Madhya Pradesh Audyogik Kendra Vikas Nigam (Indore) Limited,
3/54, Press Complex, Agra-Bombay Road,
Indore-452008.
4. Maharashtra State Electricity Distribution Company Limited,
Hongkong Bank Building, 3rd Floor, M.G. Road, Fort,
Mumbai-400001.
5. Maharashtra State Electricity Transmission Company Limited,
Prakashganga, 6th Floor, Plot No. C-19, E-Block,
Bandra Kurla Complex, Bandra (East),



Mumbai-400051.

6. Gujarat Urja Vikas Nigam Limited,
Sardar Patel Vidyut Bhawan, Race Course Road,
Vadodara-390007.
7. Gujarat Energy Transmission Corporation Limited,
Sardar Patel Vidyut Bhawan, Race Course Road,
Vadodara-390007
8. Electricity Department, Government of Goa,
Vidyut Bhawan, Panaji, Near Mandvi Hotel,
Goa-403001.
9. Electricity Department,
Administration of Daman and Diu,
Daman-396210.
10. Electricity Department,
Administration of Dadra Nagar Haveli,
U.T., Silvassa-396230.
11. Chhattisgarh State Electricity Board,
P.O. Sunder Nagar, Dangania,
Raipur, Chhattisgarh-492 013.
12. Chhattisgarh State Power Transmission Company Limited,
State Load Despatch Building, Dangania,
Raipur-492 013.
13. Chhattisgarh State Power Distribution Company Limited,
P.O. Sunder Nagar, Dangania,
Raipur Chhattisgarh-492 013.

..... Respondents

For Review Petitioner : Ms. Swapana Seshadri, Advocate, PGCIL
Shri Aditya H. Dubey, Advocate, PGCIL
Shri S.S. Raju, PGGCIL
Shri D.K. Biswal, PGCIL
Shri Ved Prakash Rustogi, PGCIL
Shri A.K. Verma, PGCIL

For Respondent(s) : Shri Ravin Dubey, Advocate, MPPMCL
Shri Anindya Khare, MPPMCL



ORDER

Power Grid Corporation of India Limited (PGCIL) has filed the present review petition seeking review and modification of the order dated 1.11.2019 in Petition No. 182/TT/2018 under Section 94(1)(f) of the Electricity Act, 2003, read with Regulation 103 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999.

Background

2. PGCIL filed Petition No. 182/TT/2018 for determination of transmission tariff from the date of commercial operation (COD) to 31.3.2019 in respect of 400 kV, 125 MVAR bus reactor at Bina (hereinafter referred to as 'the transmission asset') under "Installation of Bus Reactor and ICT in Western Region" for 2014-19 tariff period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014. The transmission asset replaced the existing 63 MVAR bus reactor at Bina. Transmission tariff with reference to the transmission asset was allowed by the Commission vide order dated 1.11.2019 in Petition No. 182/TT/2018 with observation that the replaced 63 MVAR bus reactor at Bina is not in use and as such the capital cost of the replaced 63 MVAR bus reactor at Bina should be excluded from the capital cost of the transmission asset. Accordingly, cost of the replaced 63 MVAR bus reactor at Bina was deducted from the capital cost of the transmission asset while allowing tariff for 2014-19 period. The relevant portion of the order dated 1.11.2019 is extracted hereunder:

"31. In accordance with the aforesaid provisions of the 2014 Tariff Regulations, the assets not in use or the assets which has been decapitalised from the book is required to be excluded from the admitted/ admissible capital cost. Therefore, we are of the view that the original cost of replaced 63 MVAR Bus reactor should be removed from the cost of the new asset covered in the instant petition. It has been noted that the replaced 63 MVAR Bus reactor was commissioned on 1.5.2008 and the Commission vide Order dated 19.5.2010 in Petition no. 166/2009 has approved



the tariff for replaced 63 MVAR Bus reactor wherein this replaced 63 MVAR Bus reactor was included in Asset-III viz. 400 kV Khandwa-Rajgarh Ckt-I along with associated bays, 63 MVAR Bus reactor at Bina sub-station.....”

3. Aggrieved with the Commission’s order dated 1.11.2019, PGCIL has preferred the present review petition.

4. The Review Petitioner has made the following prayers:

“(a) Allow the Review Petition and modify the Order dated 01.11.2019 passed in Petition No. 182/TT/2018 to the extent stated in the present Review Petition;

(b) Allow the tariff as applicable for the replaced 63 MVAR Bus Reactor to be used in regional spare;

(c) pass any such further order or orders as this Hon’ble Commission may deem just and proper in the circumstances of the case.”

5. The matter was heard through video conference on 26.11.2021 and order was reserved after hearing the parties.

Submissions of the Review Petitioner

6. Main submissions of the Review Petitioner are as follows:

(a) The Commission vide order dated 1.11.2019, while allowing tariff for the transmission asset i.e. new 125 MVAR bus reactor at Bina did not take into account the fact that replaced 63 MVAR bus reactor is being used as Regional Spare and wrongly de-capitalized it which in turn deprived the Review Petitioner from recovery of its tariff.

(b) The Commission’s in its order dated 1.11.2019, did not consider the fact that 63 MVAR bus reactor is being used as Regional Spare in Western Region and, therefore, the conclusion that original cost of the replaced 63 MVAR bus reactor should be removed from the cost of the transmission asset is erroneous.



- (c) The 63 MVAR bus reactor used as Regional Spare of Western Region was specifically agreed in the Standing Committee Meetings (SCM) of Power System Planning in Western Region on 3.1.2013 and in the 22nd Western Region Power Committee (WRPC) meeting dated 26.2.2013. The beneficiaries have also agreed to keep the replaced 63 MVAR bus reactor as Regional Spare, hence bus reactor should be considered in use.
- (d) The 63 MVAR replaced bus reactor was declared under commercial operation on 1.5.2008 and as on the date of replacement it has completed only eight years of service. The 63 MVAR bus reactor was replaced for augmentation of compensation in order to control over-voltage at Bina Sub-station. The replaced 63 MVAR bus reactor is not defective and that is why it has been kept as Regional Spare.
- (e) The issue of allowing tariff of replaced assets was also considered in a Committee constituted by the Commission in Petition No. 38/TT/2017. A Committee comprising of Members from Central Commission, Central Electricity Authority, Power System Operation Corporation Limited (National Load Despatch Centre and Regional Load Despatch Centre) and PGCIL was constituted under the Chairmanship of Chief Engineer, Central Commission vide Office Order dated 15.3.2018. In the report of the Committee submitted in March, 2018 to the Commission, issues of maintaining and managing of regional spares, utilization of spares, their accounting treatment and recovery of cost or tariff etc. by PGCIL were considered wherein the Committee has recognized that dismantled asset being used as Regional Spare should continue to get tariff.



7. Madhya Pradesh Power Management Company Limited (MPPMCL) vide affidavit dated 13.8.2021 has made the following submissions:

- a) The 2014 Tariff Regulations do not provide for allowing capital cost or any other cost with respect to an assets which is removed from the system, not in use and is also not part of 'Initial Spares'.
- b) Capital cost of 63 MVAR bus reactor, which is removed from the system, is not in use and it is also not part of 'Initial Spares' of the project and, therefore, it cannot be allowed tariff by the Commission.
- c) The Commission has rightly de-capitalized the replaced 63 MVAR bus reactor as Regional Spare despite being agreed in the 35th SCM on Power System Planning of Western Region on 3.1.2013 and 22nd WRPC meeting on 26.2.2013 as it is not in use.
- d) Review Petitioner's reference to Commission's report in Petition No. 38/TT/2017 with reference to spare transformer is mis-conceived as the provisions of the 2014 Tariff Regulations are unaffected by the said report.

8. MPPMCL has controverted all other averments of the Review Petitioner and prayed that the review petition may be dismissed.

Analysis and Decision

9. We have heard learned counsel for the Review Petitioner as well as learned counsel for MPPMCL and have perused the record including order dated 1.11.2019. Learned counsel for the Review Petitioner contended that the Commission vide order dated 1.11.2019 in Petition No. 182/TT/20218, while allowing transmission tariff in respect of the transmission asset i.e. 400 kV 125 MVAR bus reactor at Bina failed to



take into consideration the fact that replaced 63 MVAR bus reactor is used as Regional Spare which was agreed in the SCM of Power System Planning in Western Region on 3.1.2013 and in the 22nd WRPC meeting dated 26.2.2013. Learned counsel further contended that beneficiaries/constituents of WRPC have consented to the arrangement of using the replaced 63 MVAR bus reactor as Regional Spare. Learned counsel drew attention of the Commission to the Committee Report submitted in March, 2018 in Petition No. 38/TT/2017 which dealt with the issues of maintaining and managing of regional spares and utilization of spares etc. by PGCIL. Referring to the excerpts of the report of the Committee, learned counsel added that the Committee has approved the arrangement of spare if it is recommended by RPC. Learned counsel contended that looking into the facts and circumstances of the present case, the Commission has erred in its order dated 1.11.2019 observing that the replaced 63 MVAR bus reactor at Bina is not in use and therefore, capital cost of the replaced 63 MVAR bus reactor at Bina should be excluded from the capital cost of the transmission asset and the same was also deducted from the capital cost of the transmission asset while allowing tariff for 2014-19 period. Learned counsel prayed that the order dated 1.11.2019 in Petition No. 182/TT/2018 may be modified and applicable tariff for the replaced 63 MVAR bus reactor which is in use as Regional Spare may be allowed.

10. In rebuttal, learned counsel for MPPMCL has contended that 2014 Tariff Regulations do not provide for Regional Spares. Learned counsel further contended that there is provision of Initial Spares in the 2014 Tariff Regulations. Learned counsel, however, contended that there is no provision in the 2014 Tariff Regulations that Regional Spare can be considered as part of Initial Spares and as such no tariff can



be allowed for the replaced 63 MVAR bus reactor at Bina as a Regional Spare. Learned counsel contended that the Commission in its order dated 1.11.2019 has rightly excluded the capital cost of the replaced 63 MVAR bus reactor as it is not in use in terms of the provisions of clause 6 of Regulation 9 of the 2014 Tariff Regulations. Learned counsel submitted that the Review Petition may be dismissed.

11. We have considered the submissions of the Review Petitioner and MPPMCL. The Review Petitioner has submitted that in the 35th SCM of Power System Planning in Western Region dated 3.1.2013 and in the 22nd WRPC meeting dated 26.2.2013 it was agreed by the beneficiaries to use the replaced 63 MVAR bus reactor as a Regional Spare. The relevant excerpts of the said meetings are follows:

“35th Standing Committee Meeting on Power System Planning in Western Region held on 03.01.2013

“13.0 Requirement of Reactive Compensation at 400kV Bina Sub-station

13.1 Director, CEA stated that POWERGRID has intimated for a considerable period of time in year 2012, voltage at 400 kV Bina Bus remained high and was more than 145 kV for around 80% of the time in August, 2012. This required opening of multiple 400 kV circuits emanating from Bina Sub-station on instruction from RLDC to contain over voltage. In order to control over voltage at Bina, POWERGRID has proposed replacement of the existing 63 MVAR bus reactor at 400 kV Bina Sub-station by 125 MVAR Bus reactor. The existing 63 MVAR bus reactor shall be maintained as regional spare.

13.2 GM, WRLDC endorsing the proposal stated that additional compensation at Bina would help in overcoming the difficulty presently being faced in charging of Bina-Gwalior line.

*13.3 **Members agreed with the proposal.**”*

“22nd WRPC meeting held on 26.02.2013:

ITEM No. 9: DECISIONS ON IMPORTANT ITEMS FROM 35TH SCM HELD ON 03/01/2013 AT GURGAON:

Member Secretary I/c, WRPC informed that the following important decisions taken in the above SCM.

*....
Reactor at 400 kV Bina s/s*



It was decided to replace the 63 MVAR Bus Reactor at Bina(PG) by 125 MVAR Bus Reactor and keep 63 MVAR Bus Reactor as regional Spare.

.....
WRP Committee noted.”

12. On perusal of the above quoted minutes of the 35th SCM on Power System Planning in WR dated 3.1.2013 and the 22nd WRPC meeting dated 26.2.2013, we find that the replaced 63 MVAR bus reactor was agreed to be used as Regional Spare. The Commission overlooked the aspect that the 63 MVAR reactor is being used as a Regional Spare and held in the impugned order dated 1.11.2019 that the same is not in use and therefore has to be removed from the capital cost, which is an apparent error. Moreover, we observe that the replaced 63 MVAR bus reactor was put into commercial operation on 1.5.2008 and was replaced with 125 MVAR reactor on 16.3.2016. As on the date of replacement of 63 MVAR Reactor with 125 MVAR Reactor, the 63 MVAR reactor had completed only 8 years of service.

13. In view of above discussions, we allow the review petition. Accordingly, the Review Petitioner may approach the Commission for approval of tariff of the replaced 63 MVAR bus reactor at the time of truing up of tariff of the 2014-19 period of the transmission assets under “Installation of Bus Reactor and ICT in Western Region” .

14. This order disposes of Review Petition No. 2/RP/2020.

**sd/-
(I. S. Jha)
Member**

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

