

**BEFORE THE CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Application No.7/2000 in Petition No.12/2000

Present:

1. Shri S.L.Rao, Chairman
2. Shri D.P.Sinha, Member
3. Shri G.S.Rajamani, Member
4. Shri A.R.Ramanathan, Member

In the matter of:

Petition filed by PGCIL for seeking approval for transmission tariff for Kayamkulam-Pallom Transmission Line with Associated Bays in Southern Region.

In the matter of:

M/s Power Grid Corporation of India Ltd., Petitioner

And

Kerala State Electricity Board Respondent

Following were present for the applicant:

1. Shri Suresh Sachdeva, GM, PGCIL
2. Shri S.S.Sharma, AGM(C), PGCIL
3. Shri P.G.Yohannan, Chief Engineer, KSEB
4. Shri K.R.Unnithan, Ex. Engineer, KSEB.
5. Shri B.Ravindran, AE, KSEB.

ORDER
(Date of Hearing 17.04.2000)

This petition has been filed by Power Grid Corporation of India Ltd., (PGCIL) seeking approval of the Commission for 220 KV – D/C Kayamkulam – Pallom Transmission Line with Associated Bays in Southern Region, in commercial operation since 1.12.1999. The petitioner has also filed an Interlocutory Application No. 7/2000 for interim order in its favour till final determination of tariff by the Commission and disposal of the main petition.

2. The petitioner had entered into an agreement with the respondent – Kerala State Electricity Board (KSEB), for execution of the Associated Transmission System for Kayamkulam Power Project which involves the following: -

- i) 220 KV D/C Kayamkulam – Pallom Line.
- ii) 220 KV D/C Kayamkulam – Edmon Line.
- iii) Establishment of 220 KV Switchyard at Kayamkulam.
- iv) Extension of 220 KV Substation of KSEB at Pallom & Edmon.

3. The petitioner has already constructed 220 KV D/C Kayamkulam Edmon Line with Associated Bays at an estimated cost of Rs. 108.07 crores. Those assets have been under commercial operation since 01.06.1999. The petitioner has been already

permitted to charge the tariff on provisional basis subject to final decision of the Commission under regulation 79 of CERC (Conduct of Business) Regulations, 1999.

4. The estimated completion cost of the project covered by the present petition as per Auditors Certificate is Rs. 86.09 crores. The tariff proposal was discussed by the petitioner with the respondent. It is seen from the minutes dated 03.02.2000 that the respondent had agreed to pay 80% of the tariff provisionally, because it had some reservations on the existing norms.

5. Today the application for interim relief was listed for hearing, Shri Suresh Sachdeva, General Manager representing PGCIL pleaded that the petitioner is entitled to 100% of the transmission tariff on provisional basis because the respondent is using the transmission system to its full advantage and is also making full payment of tariff in respect of the other line i.e. Kayamkulam – Edmon Line. It was clarified by Shri Suresh Sachdeva that the same norms as applied for Edmon Line, were also applied for the calculation of tariff for the instant transmission line. He explained that ordinarily PGCIL is dealing with inter-state transmission system and it was on a special request of KSEB that their project exclusively dedicated to Kerala, was undertaken. He clarified that the cost does not include contingent liability of Rs. 1.27 crores which relates to the claim of compensation for the trees, mainly coconut trees by private parties. If it is settled in favour of the claimants it is bound to affect the capital cost of the project which will invariably require upward revision of tariff.

6. Shri P.G.Yohannan, Chief Engineer, KSEB submitted that the Board has serious reservations about the correctness of the norms applied by the petitioner for determination of tariff. When transmission tariff in respect of Edmon Line was decided, CERC was not established and as such the respondent had no opportunity to question the validity of said norms. Besides this, there had been delay in the completion of the project and, therefore, the respondent cannot be made to suffer for the consequences of delay. He, therefore, contended that the petitioner is not entitled to more than 80% of the tariff claim.

7. On the aspect of delay, it was clarified by the representative of the petitioner that the transmission line was ready but the generating station was not ready, therefore, there was delay in commercial operation of the line.

8. On consideration of the facts on record and the submissions made by the representatives of the petitioner and the respondent, we are of the opinion that the petitioner is entitled to be compensated for the transmission system constructed by it and being used by the respondent, presently on provisional basis. The issues raised by the respondent in regard to validity of the tariff norms applied and other related issues shall be considered at the time of final hearing of the petition.

9. We find that the project was to be completed at an estimated cost of Rs. 86.09 crores. We had the opportunity of perusing the certificate dated 21.12.1999 (Enclosure-4 to the petition) and noted that out of the above amount, an expenditure of Rs. 20.75 crores was yet to be incurred. It was clarified by the representative of respondent that after the issuance of the certificate dated 21.12.1999, a sum of Rs. 5.00 crores has already been spent and the remaining amount of Rs. 15.75 crores is to be spent during the current financial year i.e upto 31.03.2001. Under these circumstances, we do not feel any justification for ordering reimbursement of full transmission charges claimed by the petitioner since as per petitioner's own admission, about 17.5% of the total estimated cost is yet to be incurred by the petitioner. On consideration of these facts, we are satisfied that the respondent should be made liable to pay 85% of the transmission charges and we order accordingly, though the petitioner may raise the bills for the full amount claimed.

10. IA No. 7/2000 is accordingly disposed of.

Sd\-	Sd\-	Sd/-	Sd/-
(A.R. Ramanathan) Member	(G.S.Rajamani) Member	(D.P. Sinha) Member	(S.L.Rao) Chairman

New Delhi,
Dated 17.04.2000

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