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उपरोक्त (दो-११)

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Central Electricity Regulatory Commission
Core 3, 6th Floor, Scope Complex, New Delhi - 110 003.
(Tele No. 4364911 FAX No. 4360010)

Petition No. 64/2000

Date: 22.08.02

To

Executive Director (CP)
Power Grid Corpn of India Ltd.,
B-9, Qutab Institutional Area
Katwaria Sarai
New Delhi - 110016.

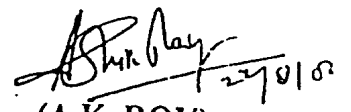
Sub: Order dated 22-08-2002 passed by the
Commission in Petition No. 64/2000.

Sir,

I am directed to forward herewith a copy of Order dated 22.08.02
passed by the Commission in Ptition No. 64/2000.

It is for your information and necessary compliance in respect of directions
contained in the orders.

Yours faithfully,



(A.K. ROY)

BENCH OFFICER

Encl: As Above

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**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram

1. Shri D.P. Sinha, Member
2. Shri G.S. Rajamani, Member
3. Shri K.N.Sinha, Member

Petition No.64/2000

In the matter of

Approval of transmission tariff for 400 KV Dulhasti-Kishenpur line with associated bays at Kishenpur in Northern Region.

And in the matter of

Power Grid Corporation of India Ltd.

.... Petitioner

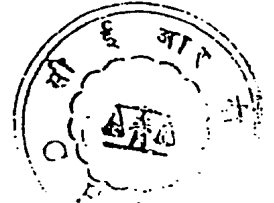
VS

Rajasthan Rajya Vidyut Prasaran Nigam Ltd. & others

.... Respondents

The following were present:

1. Shri R.K. Vohra, GM, PGCIL
2. Shri S.S. Sharma, AGM, PGCIL
3. Shri P.C. Pankaj, DGM, PGCIL
4. Shri Rakesh Prasad, PGCIL
5. Shri C. Kannan, Sr. Mgr (Accts), PGCIL
6. Shri S. Mehrotra, PGCIL
7. Shri Ajay Holani, PGCIL
8. Shri S.K. Jain, Manager (Law), PGCIL
9. Shri V.K. Gupta, SE/ISP, RVPNL
10. Shri T.P. S. Bawa, PSEB
11. Shri D.D.Chopra, Advocate, UPPCL
12. Shri Mahendra Kumar, UPPCL
13. Shri R.K. Arora, XEN/Tariff, HVPNL



**ORDER
(DATE OF HEARING 19-3-2002)**

M/s Power Grid Corporation of India Limited (POWERGRID) had filed the original petition in July, 2000 praying for approval of the transmission tariff in

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respect of 400 KV Durgam - Kishenpur transmission line and associated bay at Kishenpur which had been put into commercial operation with effect from 1.4.2000. This petition was first heard on 20.9.2000 . It was noted that there had been midstream changes in the scope of works which had an impact on ultimate project cost and mismatch of schedule for generation and transmission resulted in commissioning of the said transmission line two years ahead of schedule. It was also noted that the tower structures constructed for 220 KV D/C line based on contingency plan had to be redesigned to accommodate 400 KV S/C line as per revised scope of works. To be fully convinced about the security of the system due to accommodation of the contingency structure into combined regular project and quantification of extra cost on account of change in project profile, these issues were referred to CEA to assist the Commission with a report on these aspects based on their records. In regard to mismatch of commissioning date of generation and transmission scheme, PGCIL was directed to explore possibilities of getting suitable compensation from generating company for their delay in commissioning the generating station. As actual power flow was expected to take place around March,2002 ,PGCIL was also directed to explore possibility of capitalising the interest charges for this period and commence charging the tariff from the date of actual use of the assets. No provisional tariff was allowed .

2. CEA had in its report dated 9.11.2000 stated that before according clearance they had critically examined the technical aspects of the design of

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proposed upgradation including suitability of the structure from 220 KV IDC to 400 KV operation. The same was also referred to IIT, Delhi and CPRI, Bangalore who had validated the tower design. CEA had further mentioned that additional cost on account of mid term changes in scheme works out to Rs. 2984.57 lakhs. Petitioner had in IA No. 42/2000 dated 25.10.2000 submitted that they had in past interacted with the generating companies for suitable compensation for mismatch between generation project and the associated transmission system, but no agreement could be reached. The Petitioner had further stated that there is no possibility of obtaining any compensation from the generating company in this case. It was submitted by the petitioner that the accounting standards did not permit capitalisation of IDC after completion of the project and its declaration under commercial operation.

3. We last considered the case on 4th October 2001, when the IA No. 72/2001 filed by the petitioner for amendment of the main petition came up for hearing. The IA seeking placing on record the final completed cost of asset with supporting documents was allowed and the petitioner was directed inter-alia to file amended petition and furnish some additional documents/details. The amended petition along with the requisite information was filed by the petitioner only in December 2001 after we reiterated our direction contained in order dated 4th October 2001 vide our order dated 20th November 2001. The amended petition is taken on record.

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4. Shri S.S. [Name] appearing for [Name] submitted during hearing that as per directions of the Commission, a mechanism has been proposed by them for maintaining a separate account as memoranda of record for interest and incidental expenses till such time the generation project is commissioned, and power flow commences on the subject Dulhasti-Kishenpur line. He stated that interest and incidental expenses so accounted in memoranda of record till the actual commercial operation of the line with commissioning of the generation project, would be included in the capital cost of the line for the purpose of tariff. He prayed for approval of the above accounting mechanism proposed by them. He further submitted that some agreement was being worked out by the petitioner with the generating companies to avoid mismatch between generation and associated transmission projects for future projects.

5. Replying to the petition, HVPNL Respondent No.4 have submitted that the tariff may be worked out on final cost as per report of CEA. It has also been mentioned that the petitioner has not made any submission with regard to possibilities of getting suitable compensation from the generating company for their delay as was directed by the Commission.

6. Shri V.K. Gupta appearing for Rajasthan Vidyut Prasaran Nigam Ltd., Respondent No. 1 submitted that the interest and all other charges should be a matter of concern between generating company and the petitioner till the commissioning of Dulhasti HEP. He further stated that till Dulhasti HEP starts

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generation no tariff towards transmission line should be recovered from the SEBs and also the interest amount till that time should not be added to the capital cost. Making a remark he stated that the cost of lines/system constructed by the petitioner is generally very high and there is a considerable time and cost over run. Reiterating his reply, he submitted that the cost of 400 KV line/system constructed by the constituent SEBs is 50% of the cost incurred by the petitioner for the similar lines/system. However no supporting details were made available by the respondent for comparison with the capital cost of the line under reference.

7. Uttaranchal Power Corporation Limited in their written submission have mentioned that they would not take power allocation from Dulhasti Power Project and as such they may not participate in the associated transmission line. They have accordingly requested the Commission to consider the above and exempt Uttaranchal Power Corporation Limited while fixing the tariff. We have noted that Uttaranchal Power Corporation Limited have not made their submission on affidavit. However we have noted their submission for consideration at the time of determination of final tariff.

8. With regard to the issue of capital cost, we have noted that the cost of 400 KV Dulhasti-Kishenpur upgraded S/C line was accepted by CEA while according TEC to the Dulhasti transmission system. We have observed that the entire Dulhasti transmission system is yet to be completed. We have noted that the

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petitioner has completed and commissioned the line but there has been no power flow due to delay in commissioning of Dulhasti generating station. Therefore the reasons for no power flow on the line are not attributable to the petitioner and it would not be fair to deny the payment of transmission charges. But at the same time no benefit has accrued to the beneficiaries by commissioning of this line ahead of the generation project. The mismatch in commissioning of generation projects and associated transmission system cannot be avoided particularly in case of uncertainties associated with construction of hydro projects. This aspect is well known to the beneficiaries and the petitioner. For countering such situations of mismatch between generation project and associated transmission system, a tripartite agreement should have been signed by the beneficiaries, petitioner and the generating company. This has not been done in the present case. As per earlier directions of the Commission the petitioner has proposed a mechanism for maintaining a separate account as memoranda of record for interest and incidental expenses from declared date of commercial operation i.e, 1.4.2000 till such time the generation project is commissioned and power flow commences on the subject Dulhasti-Kishenpur line. It has been prayed that interest and incidental expenses so accounted in memoranda of record till the actual commercial operation of the line with commissioning of the generation project, would be included in the capital cost of the line for the purpose of tariff.

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9. At this stage we have limited our consideration to the submissions made by the petitioner in respect of accounting of interest and incidental expenses till such time the generation project is commissioned and power flow commences on the assets covered by this petition i.e. Dulhasti-Kishenpur Transmission line. We have noted from the amended petition that the commissioning schedule of Dulhasti H.E.Project has further slipped to December,2003 from March 2002. The slippage in the commissioning of Dulhasti H.E.Project may be beyond the control of the petitioner but the reasons for slippage would be known when the issue of generation tariff for Dulhasti HE Project is brought before the Commission by NHPC. It is a known fact that the transmission system established by Powergrid is not actually put to use either for the purpose of power evacuation or even for system strengthening arrangement. Under these circumstances the beneficiaries are unwilling to pay the transmission charges. From the petition it is observed that there is no agreement between the generating company and the transmission utility for compensating each other for any delays in either of the two schemes. Government of India in this case is the owner of both, the generating company viz. NHPC and the Transmission Utility viz POWERGRID. Government of India, as the owner of both the utilities, is also required to take a conscious view with regard to delay in the commissioning of the generating plant and its consequent impact on the transmission system which has already been commissioned, as it may not be appropriate to charge any transmission tariff from the beneficiaries without providing any service. In the interim, we direct the petitioner to maintain a separate account of the interest

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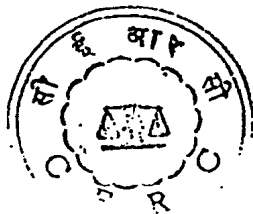
charges and a final view in the matter will be taken along with the tariff petition for generation from Dulhasti HE Project by NHPC. With the above order, the petition stands disposed of with the liberty to the petitioner to revive the case as and when the tariff petition for generation is filed by NHPC.

Sd/-
(K.N. Sinha)
Member

Sd/-
(G.S. Rajamani)
Member

Sd/-
(D.P. Sinha)
Member

New Delhi dated 22nd August, 2002.



CERTIFIED TRUE COPY
[Signature]
Authorized signatory
C.E.R.C.

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