

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

FILE NO:.....
PETITION NO.:

IN THE MATTER OF: Approval under regulation-86 of CERC (Conduct of Business) Regulations'1999, and CERC (Terms and Conditions of Tariff) Regulations'2004 for determination of provisional transmission tariff for (i) 400 KV S/c Dulhasti-Kishenpur Transmission Line with associated bays (ii) 400kV Kishenpur-Wagoora transmission line alongwith associated bays at Kishenpur and Wagoora Sub-station under Dulhasti combined transmission system in Northern Region for the period 2004-2009 block

Power Grid Corporation of India Ltd.
(Govt. of India undertaking)

---PETITIONER

Registered office: B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi 110 016 and
Corporate office: "Saudamini" ,Plot no.2,
Sector-29, Gurgaon -122 001. (Haryana)

Uttar Pradesh Power Corporation Ltd
14, Shakti Bhawan, Ashok Marg,
Lucknow – 226 007
Represented by its Chairman
& others

-- RESPONDENT

To

The Hon'ble Chairman and
his Companion Members of The Hon'ble CERC
The Humble application filed by the Petitioner

MOST RESPECTFULLY SHOWETH

1. The Petitioner herein, Power Grid Corporation of India Ltd. is a Government Company within the meaning of Companies Act,1956 and wholly owned by Govt. of India. The Petitioner is also discharging the statutory functions under various applicable provisions, including in particular section 28 and 38 of the Electricity Act, 2003. In exercise of powers under sub-section (1) of section 38(1) the Electricity Act 2003, the Government of India has declared the Petitioner herein as the Central Transmission Utility.
2. That, Hon'ble Commission have notified CERC (Terms and Conditions of Tariff) Regulations, 2004, in accordance with which tariff based on capital cost of the transmission projects shall be determined. These Regulations have come in to force on 1.4.2004 and shall remain in force for a period of 5 years, unless reviewed earlier or extended by the Hon'ble Commission.

3. Cost approval:

3.1 The power evacuation system associated with Dulhasti HE Project was approved by Govt. of India in Oct.'87 at an estimated cost of Rs.166.57 Crores (Jan.'86 price level) comprised of the following:

- a) 400kV D/c Dulhasti-Kishenpur transmission line
- b) 400kV D/c Kishenpur-Srinagar/Wagoora transmission line
- c) 400/220kV S/s at Kishenpur with 2x250 MVA transformers
- d) 220kV switching station at Srinagar/ Wagoora
- e) Area Load Dispatch Station at Kishenpur

3.2 After the formation of POWERGRID, the matter was reviewed and it was realized that it shall be difficult to complete the full transmission system matching with the time frame of the Dulhasti project which was then expected to come during July'1994. Accordingly, a contingency scheme was evolved and approved by GOI at an estimated cost of Rs.137.69 crores (Jan'92 price level). Copy of the approval 28.12.1992 is attached herewith as **Encl.-1 (page 15 to 18)**. The scope of work of the contingency scheme comprised of the following:-

- i) 400kV Dulhasti-Kishtwar D/c line
- ii) 220kV Kishtwar-Kishenpur D/c line
- iii) 400/220kV S/s at Kishtwar (7x105 MVA)
- iv) 400/220kV transformers at Kishenpur (7x105 MVA)

Further it was decided in a meeting taken by Secretary(Power) on 28.01.92 that as the contingency scheme shall not be adequate for reliable evacuation of power, POWERGRID in due course of time shall evolve and submit the Feasibility Report for additional transmission system. A copy of the Minutes of Meeting dated 28.1.1992 is attached hereto as **Encl-2 (page 19 to 21)**

3.3 Accordingly, POWERGRID had taken up the construction of the contingency plan. However, in the meantime, commissioning of generation project was delayed considerably. POWERGRID, therefore again reassessed the system with the aim to have overall optimum as well as reliable system. It was proposed to dispense with the "Contingency Scheme" then under implementation and revive the originally approved 400 kV transmission system which shall consist 2 circuits of 400kV from Dulhasti to Kishenpur and 2 circuits of 400kV from Kishenpur to Wagoora.

CEA agreed to the POWERGRID's proposal for revival of the originally approved 400kV transmission system alongwith upgradation of 220kV D/c line of Contingency Scheme to 400 kV S/C line. This has resulted in the gainful utilisation of expenditure already done on the 220kV D/c Kishtwar-Kishenpur line under the Contingency scheme. This proposal has resulted into overall economy due to dispensing of the construction of 400kV Kishtwar substation.

CEA suggested for submission of revised Feasibility Report for Combined Dulhasti System which shall cover the Contingency Scheme with upgradation and other 400kV Lines needed to make the system equivalent to the original system. A copy of CEA, GOI letter dated 12.9.1995 is attached hereto as **Encl-3 (page 22)**.

3.4 Accordingly, the petitioner submitted the Revised Feasibility Report. The TEC was issued by CEA on April 5, 2000. In order to reduce the project cost, PIB, in its meeting held on June 25, 2001 decided that the 2nd ckt. of 400kV S/c Dulhasti-Kishenpur line (proposed to be taken up for execution under the now revised scheme) be deleted for the time being and be reviewed some time in 2002 depending upon the progress made by various generating projects in this area, and recommended the Dulhasti Combined Transmission scheme with above modifications for consideration of CCEA.

3.5 GOI, MOP vide letter No.12/10/99-PG dated 2.7.2002 has accorded administrative approval and expenditure sanction of the President to the feasibility report of Dulhasti Commbined Transmission System at a cost of Rs.567.05 crores including an IDC of Rs.142.04 crores based on 3rd quarter, 2000 price level. A copy whereof is attached hereto as **Encl-4 (page 26 to 27)**. The scope of work covered under the project is as follows:

1. Transmission Lines:

- (a) 400kV S/c Dulhasti-Kishenpur Transmission Line
(Through upgradation of 220kV D/c line of Contingency Scheme, which has been completed)- 122.34 Kms.
- (b) 400kV D/c Kishenpur-Wagoora transmission line – 184.80 Kms.

2. Sub-stations:

- (a) Extension of 400/220kV Sub-station at Kishenpur with 7x105 MVA Transformer
- (b) Extension of 400/220kV Sub-station at Wagoora

3. Shunt Capacitors: 247.5 MVAR

The Schematic diagram of the transmission scheme is attached hereto as **Encl.- 5, (page 28.)**.

4. All the elements covered under the scope mentioned at sl no. 3.5 (1) & (2) above has been declared under commercial operation as follows:

- | | | |
|-------|--|------------------------------|
| (i) | ICT at Kishenpur | 01.10.1997 |
| (ii) | 400 KV S/c Dulhasti-Kishenpur Transmission Line with associated bay at Kishenpur. | 01.04.2007
(revised date) |
| (iii) | 400kV Kishenpur-Wagoora transmission line alongwith associated bays at Kishenpur and Wagoora Sub-station | 01.11.2006 |

A copy of commercial operation letter dated 1.11.2006 and 28.03.2007 is attached hereto as **Encl-6 (page 29 to 31)**. However, the element covered under above scope, mentioned under sl. No.3.5 (3) i.e. Shunt Capacitors: 247.5 MVAR has not been installed in this system as envisaged earlier.

5. It is submitted that the petition for approval of transmission tariff for the tariff block 2004-2009 for ICT at Kishenpur was filed with CERC vide Petition No. 104/2004 and the billing is being done as per Hon'ble Commission Order dated 09.09.2005 in petition no. 104/2004. Further, the petition for approval of transmission tariff for 400 KV S/c Dulhasti-Kishenpur Transmission Line with associated bays with date of Commercial operation as 1.2.2000 was filed with CERC vide Petition No. 64/2000 separately. Hon'ble Commission vide order dated 22.8.2002 in Petition No.64/2000 (copy enclosed as Encl.-7..., page 3.2. to 4.2) has directed as follows:

Quote:

At this stage, we have limited our consideration to the submissions made by the petitioner in respect of accounting of interest and incidental expenses in 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 HE Project has further slipped to December, 2003 from March, 2002. The slippage in the commissioning of Dulhasti HE 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 transaction 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 charges and a final view in the matter will be taken alongwith 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.

Un-Quote

6. It is submitted that the Dulhasti HE project has been commissioned on 01.04.2007. As per direction of Hon'ble Commission vide Order dated 22.8.2002 in petition no. 64/2000, the petitioner is filing this petition covering the transmission tariff of 400 KV S/c Dulhasti-Kishenpur Transmission Line with associated bays alongwith 400kV Kishenpur-Wagoora transmission line alongwith associated bays at Kishenpur and Wagoora Sub-station under Dulahsti Combined transmission system.
7. It is submitted that as per Investment approval dated 2.7.2002 the scheduled date of Commercial operation for the entire project is July 2006. The Dulhasti-Kishenpur transmission line was earlier declared under commercial operation w.e.f. 1.4.2000, a copy of commercial operation letter dated 6.4.2000, is attached hereto as Encl-8 (page 4/ to 5/). However, the date of commercial operation has been revised to 1.4.2007 keeping

in view the commissioning of Dulhasti HE Project. There is a delay of 4 months from the date of commissioning schedule for Kishanpur-Wagoora transmission line. It is submitted that Kishanpur-Wagoora Line is located in the high mountainous reaches of Jammu & Kashmir. This line has the distinction of passing through the peaks of Peer Panjal situated at a height of 12000 Feet, which is covered with snow for 6 to 7 month during the year and some of the most horrendous Avalanches occurring over there. The main reasons for the delay is due to the followings:

- ♦ The line is passing through the most militancy infected areas/district of Anantnag, Doda, Banihal, Shupaian, Phulwama, Badgam to name a few. There had been stoppage of works by Militants number of times. The works were to be abandoned for weeks together in the mid way due to militant threats. In Shupaian the work remained suspended for almost one and half year due to severe militancy problem. Militants have attacked our employees and contractors labourers. At most of the places the work was to be carried out with the police protection, which caused shortened working hours and ultimately resulted in the slow work progress.
- ♦ The main approach road for the line is NH 1, which is almost parallel to the Kishanpur – Wagoora Line. This highway gets blocked during most part of the year due to land slides. Since this is the only approach to line, work is stopped during the blockage period as men materials and T&P could not be deployed at sites.
- ♦ In J&K State, Land acquisition is to be done for tower foundation through district administration. There had been inordinate delay in processing the Land acquisition by the district authorities, even though this had been brought to the notice of Govt of J&K on number of occasions.
- ♦ The assessment of fruit bearing trees coming in the ROW of the Line is done by the Horticulture department of the J&K State. Horticulture department has taken almost one and half year to forward the assessments to POWERGRID, this resulted in severe ROW problems and stoppage of work.
- ♦ As this line is passing almost through the mountainous terrain notorious for incessant weather, work was stopped on number of occasions for days together even in the working summer season. Inhumane Working conditions during the winter season also has affected the completion of work.

The copies of various correspondences in this regard are attached herewith as as **Encl.- 9...**, page 12 to 13. In view of the above it is submitted that the reasons for delay in completion of project was beyond the control of petitioner.

8. The details of the estimated completion cost of the assets covered under this petition are as follows:

i) **400 KV S/c Dulhasti-Kishanpur Transmission Line with associated bays**

	Rs. In lakhs
(a) Apportioned approved cost:	16386.34
(b) Estimated Completion cost:	
Exp. upto 1.4.2000	14301.24
Exp. From 1.4.2000 to 31.3.2002	52.76
Sub total	14354.00
IEDC/IDC exp from 1.4.2000 to 31.3.2007	4092.46
Total completion cost(for tariff)	18446.46

ii) 400kV Kishenpur-Wagoora transmission line alongwith associated bays at Kishenpur and Wagoora Sub-station

	Rs. In lakhs
(a) Apportioned approved cost	34982.82:
(b) Estimated Completion cost:	
Exp. upto 31.3.2006	24752.91
Exp. From 1.4.2006 to 31.10.2006	2490.89
Exp as on DOCO (for tariff claimed)	27243.80
Balance anticipated exp	3216.22
Total estimated cost	30460.02

Copies of Auditor Certificate dated 5.3.2007 and 2.4.2007 are attached hereto as **Encl.-10**, (page 52 to 55).

9. **TRANSMISSION TARIFF:**

9.1 The tariff for block 2004-2009 has been worked out as per CERC (Terms and Conditions of Tariff) Regulations, 2004, issued vide notification dated. 26.03.2004. The relevant information and the calculations for working out the tariff along with supporting documentation (Form No.: 1 to 16) are attached hereto as **Encl.-11**, page 56 to 115.

9.2 The transmission tariff for the tariff block 2004 -2009 is summarized as below:

Sl. No	Asset	Rs. In lakhs		
		2006-07 (prorata)	2007-08	2008-09
1.	400 KV S/c Dulhasti- Kishenpur Transmission Line with associated bays	-	2878.64	2721.42
2.	400kV Kishenpur- Wagoora transmission line alongwith associated bays at Kishenpur and Wagoora Sub-station	1393.07	3354.64	3634.02

9.3. The Tariff indicated at para 9.2 above, is exclusive of Income Tax, Incentive, late payment surcharge, any statutory taxes, levies, duties, cess, filing fees or any other kind of imposition(s) and/ or other surcharges etc. whatsoever imposed / charged by any Government (Central/State) and / or any other local bodies/authorities/regulatory authorities in relation to transmission charges for transmission of electricity, environmental protection, and/or in respect of any of its installation associated with the Transmission System and the same shall be borne and additionally paid by the respondent(s) to the Petitioner and the same shall be charged billed separately by the petitioner on the respondents. The Petitioner will also be entitled to recover the filing fees as per directions of CERC.

9.4 **Sharing of Transmission Charges**

The transmission tariff for block 2004-2009 and lease amount shall be shared by the constituents of Northern Region as per Notification dated 26.03.2004 issued by the Hon'ble commission. Further, it is submitted that BPTA of the project has been signed by the Northern Region beneficiaries. A copy of the BPTA signed with Power

Development Department, Jammu & Kashmir is enclosed herewith as Encl-12 (page 11. (to.133)

- 9.5 The tariff at para 9.2 above is inclusive of Return on Equity, Interest on Loan, Depreciation, O&M expenses, Interest on Working Capital and Advance Against Depreciation. O&M expenses have been derived based on the norms for O&M expenses per Ckt. Km. and per Bay as specified under regulation 56(iv). These unit rates have been arrived by the Hon'ble Commission based on the actual O&M expenses during the year 1998-99, 1999-2000, 2000-2001, 2001-2002 & 2002-2003. The employee cost as included in the actual O&M expenses is based on the wage revision implemented w.e.f. 1.1.97 and the normal escalation by way of DA. It is submitted that the wage revision of the employees of the petitioner company is due w.e.f. 1.1.2007. The O&M expenses claimed in the transmission charges at 9.2 above are subject to adjustment on account of the additional employee cost which becomes payable after wage revision, which is due w.e.f. 1.1.2007. Alternatively, the increase in the employee cost due to wage revision w.e.f. may be allowed as per actuals, based on the auditor's certificate for such extra employee cost.
- 10.0 In the circumstances mentioned above it will be just and proper that the transmission tariff and charges for the assets covered under this petition be allowed to be charged from the Respondents on the basis set out in Para-9 above. The petitioner submits that the Encl.-1 to Encl.-12 may please be treated as integral part of this petition.

PRAYER

It is respectfully prayed that the Hon'ble Commission may be pleased to

- a) approve the transmission tariff for the assets covered under this petition, as per Para - 9 above.
- b) approve the reimbursement of expenditure by the beneficiaries towards petition filing fee and other expenditure (if any) in relation to the filing of petition.
- c) pass such other relief as Hon'ble Commission deems fit and appropriate under the circumstances of the case and in the interest of justice.

FILED BY
POWER GRID CORPORATION OF INDIA LTD.


REPRESENTED BY U. K. TYAGI
DY.GENERAL MANAGER (COMMERCIAL)

GURGAON
DATED 23.04.2007