

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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Case No. 110 of 2016

Date: 27 December, 2016

CORAM: Shri. Azeez M. Khan, Member
Shri. Deepak Lad, Member

Petition of The Tata Power Company Limited (Transmission) for review of the Tariff Order dated 30 June, 2016 in Case No. 22 of 2016 for Truing up for FY 2014-15, Provisional Truing Up for FY 2015-16 and Aggregate Revenue Requirement for Control Period from FY 2016-17 to FY 2019-20.

The Tata Power Company Limited (Transmission) (TPC-T)Petitioner

Appearance:

For TPC-T : 1) Shri Amit Kapur (Adv.)
2) Smt. Swati Mehendale (Rep)

Daily Order

Heard the Advocate/ Representative of the Petitioner.

TPC-T stated that:

1. It has filed the present Petition for review of the Commission's Order dated 30 June, 2016 in Case No. 22 of 2016 with respect to the following five issues ,
 - (i) Disallowance of Interest During Construction (IDC) for 145 kV GIS at Bandra Kurla Complex (BKC) of Rs. 21.74 Crore for the period from FY 2008-09 to FY 2011-12
 - (ii) Disallowance of capitalisation of Rs. 26.54 Crore of 145 kV sub-station at IXORA, Panvel for FY 2013-14
 - (iii) Disallowance of capitalisation of Rs. 1.83 Crore of 8 nos. of 33 kV bays at Parel Receiving Station

- (iv) Disallowance of Operation and Maintenance (O&M) expenses of Rs.10.66 Crores of unutilised bays
- (v) Error while considering the bays commissioned at 145 kV Ixora Receiving Station, while computing the normative O&M expenses applicable for FY 2014-15.

2. These five issues are presented in brief as under:

Issue No.1: Disallowance towards Interest During Construction (IDC) for 145 kV GIS at Bandra Kurla Complex (BKC) of Rs. 21.74 Crore for the period from FY 2008-09 to FY 2011-12

The Commission has wrongly held that TPC-T is responsible for the delay by starting 145 kV GIS BKC Scheme in FY 2012-13 and commissioning it in FY 2015-16 as against the approved schedule of FY 2009-10 to FY 2010-11. The Commission has not considered the fact that the land possession was not available from Mumbai Metropolitan Region Development Authority (MMRDA) till 27 June, 2012. The status of the Scheme was regularly communicated through half yearly reports to the Commission. This issue of delay in acquiring land was not fully clarified in the Order dated 30 June, 2016 in Case No. 22 of 2016. TPC-T has submitted the chronology of events and stated that delay of around four years in obtaining land from MMRDA was beyond its control and, therefore, disallowance of IDC for the said period is not correct. The ATE, in its Judgment in Power Co. of Karnataka Vs CERC on 15 .05.2015, has held that delays by Government Agencies in handing over possession of land constitutes force majeure. TPC-T has mentioned the various stages with time lines MMRDA processing has taken in final allotment & possession of land.

Issue No. 2: Disallowance of capitalisation of Rs. 26.54 Crore regarding 145 kV sub-station at Ixora, Panvel

The capitalisation of Rs. 26.54 Crore towards 145 kV sub-station at Ixora, Panvel was disallowed stating that the asset was not put to use. The Scheme has been executed subsequent to approval from STU and the Commission. The Receiving Station and bays are completed and energised since 18 February, 2015. The SEZ developer, Ixora, is not using the system because of its own delay. However, the Transmission Licensee cannot be penalised for non-utilisation of asset by the Distribution Licensee.

The Commission asked TPC-T whether it had executed a Connection Agreement and /or Bulk Power Transmission Agreement (BPTA) with Ixora. TPC-T replied that it has not executed an Connection Agreement with Ixora due to SEZ developer's disputes with other parties. However, TPC-T sought one week's time for examining the issues of Connection Agreement and BPTA with Ixora, and would file its additional submission.

Issue No.3: Disallowance of capitalisation of Rs. 1.83 Crore regarding 8 nos. of 33 kV bays at Parel Receiving Station

The Commission has disallowed capitalization Rs. 1.83 crore towards 8 bays of 33 kV at Parel and held that these bays have been idle since commissioning in FY 2014-15. TPC-T has commissioned and charged these bays and that are ready to use. However, the beneficiaries (TPC-D and BEST) have failed to utilize the bays, which is beyond the control of TPC-T. The Scheme has been executed subsequent to approval of STU and the Commission.

The Commission asked TPC-T whether it has executed Connection Agreement and /or Bulk Power Transmission Agreement (BPTA) with BEST and TPC-D as envisaged under the State Grid Code. TPC-T replied that it has not executed a Connection Agreement with BEST and TPC-D. The Commission also asked whether TPC-T had approached the Grid Co-ordination Committee set up under the State Grid Code Regulations, 2006 for utilization of its commissioned transmission infrastructure by its beneficiaries.

TPC-T replied that there is a mechanism under Section 39(2) of Electricity Act, 2003 and State Grid Code Regulations, 2006 for co-ordination relating to the Intra-State Transmission system, but it is lacking in implementation. However, TPC-T sought one week's time for examining issues of Connection Agreement and BPTA and would file an additional submission.

Issue No. 4: Disallowance of O&M expenses of Rs.10.66 Crore towards unutilised bays

The Commission has disallowed the O&M expenditure of Rs 10.66 Crore for 91 bays (at <66kV & >66kV voltage levels) which are not in use. Out of 91 bays, 57 bays are disallowed on the principle of asset not put to use, and 34 bays on the principle that these bays are capitalized but unutilized by the concerned beneficiaries. The disallowed bays are already capitalized, but were not utilized by Distribution Licensees to cater their load. These bays are kept in charged condition and are required to be maintained to prevent any failure. Regulation 61.5 of MYT Regulations, 2011 allows normative O & M expenses for all bays in the Transmission Sub-station of a Transmission Licensee, excluding only bays maintained by Generators. Hence, O & M entitlement for FY 2014-15 corresponding to 77 bays may be accordingly approved.

Issue No.5: Error while considering the bays commissioned at 145 kV Ixora Receiving Station while computing the normative O&M expenses applicable for FY 2014-15.

TPC-T had included 35 bays at Ixora sub-station in the addition of bays during FY 2014-15 in its MYT Petition to derive the normative O & M expenses. The Commission had disallowed the capitalization in FY 2013-14 towards the Ixora Receiving Substation and consequently not considered the bays while calculating

O & M expenses. While calculating normative O & M expenditure, these 35 bays were deducted from the opening balance of FY 2014-15 instead of deducting from the addition of bays for FY 2014-15. It is an arithmetic error and needs to be rectified.

As requested by TPC-T, the Commission granted one week to file its additional submissions.

The Case is reserved for Order.

**Sd/-
(Deepak Lad)
Member**

**Sd/-
(Azeez M. Khan)
Member**