

# KERALA STATE ELECTRICITY REGULATORY COMMISSION

## THIRUVANANTHAPURAM

**Petition No: OP 23/ 2021**

**Present** : Shri. Preman Dinaraj, Chairman;  
: Adv. A. J. Wilson, Member (Law).

**In the matter of** : **Petition filed by KSEB Ltd. under Section 17 of the Electricity Act, 2003, seeking approval for the Capital Investment of (SBU –T), for taking over the reusable terminal equipments, removed from the two numbers 220 kV Bays of PGCIL at Edamon substation, at the depreciated cost.**

**Petitioner** : KSEB Ltd., Thiruvananthapuram.

**Petitioner represented by** : Shri. K.G.P. Nampoothiri, EE, TRAC.

**Respondent** : Power Grid Corporation of India Ltd., Gurgaon -122 001

**Respondent represented by:** Adv. Swapna Seshadri, Gurgaon.

**Date of E- Hearing** : **06.05.2021, 11.00 AM**

### **Daily Order dated 26.05.2021 in OP No: 23/ 2021**

1. Kerala State Electricity Board Limited (KSEB Ltd) filed the petition dated 16.03.2021 before the Commission, under section 17 of the Electricity Act, 2003, seeking approval for the capital investment of (SBU–T), for taking over the reusable terminal equipments removed from the two numbers 220 kV Bays of PGCIL at Edamon substation in respect of 220 kV Kayamkulam - Edamon Double Circuit (DC) line, at the depreciated cost. The Commission admitted the petition as OP No. 23/ 2021 and Form 3A notice was issued to the respondent. The details provided in the petition are as follows:-
2. Power Grid Corporation of India Limited (PGCIL) commissioned during 1998, the 220 kV DC Kayamkulam - Edamon line (78 kms) with 2 bays at Edamon substation and 220 kV DC Kayamkulam-Pallom line (47 kms) with 2 bays at

Pallom substation, for evacuation of power from RGCCPP of NTPC at Kayamkulam. The 220 kV substations at Edamon and Pallom are owned by KSEB Ltd. Later, one feeder of Kayamkulam - Edamon line was connected to Kundara Substation and the other feeder was connected to Edappon Substation. Hence, these bays at Edamon were renamed as Kundara & Edappon 220 kV Bays respectively, at Edamon substation.

3. KSEB Ltd has been executing the O & M of the terminal equipments of the above 220 kV bays at Edamon & Pallom substations from 1998 onwards, based on the MOU dated 01-11-1998, executed between KSEB Ltd and PGCIL for a period of 10 years. This was later renewed for a further period of 10 years i.e. upto 01.11.2018, after which the agreement was renewed only for the O&M of the terminal equipments of the 220 kV Kayamkulam bays at Pallom substation.
4. In 2018, the terminal equipments of the two bays (Kundara & Edappon) at Edamon substation were upgraded with Hybrid switchgear equipments under the PSDF scheme. The work was carried out by KSEB Ltd with the technical concurrence of PGCIL.
5. In the 34<sup>th</sup> Southern Regional Power Committee (SRPC) meeting held at Coimbatore, PGCIL requested KSEB Ltd to take over the removed terminal equipments of the two bays at Edamon substation at the depreciated cost. KSEB Ltd agreed to take over the useful assets on depreciated cost. In view of this, PGCIL has not renewed the O & M agreement of the assets beyond 01-11-2018.
6. The petitioner has submitted that the assets to be taken over can be used in the substations of KSEB Ltd for replacing faulty equipments or can be kept as spare for use in case of emergencies and replacements.
7. The depreciated value of the terminal equipments was calculated based on the original cost of assets, after deducting the cost of non-reusable equipment as well as the cost of civil works involved. The capital cost of the assets as per the MOU for O&M was Rs.3,18,92,682/- as per the petitioner.
8. The petitioner has submitted in the petition, the details of the items proposed to be taken over by KSEB Ltd and its original capital cost are as shown below:

Sl. No.	Description	Amount (Rs)
1	245KV Current Transformer (1 No.)	1208080.00
2	245KV Capacitive Voltage Transformer (1No.)	366660.00
3	215KV GAPLESS Surge Arrestor (1 No.)	326002.00
4	245KV Wave Trap (1No)	164000.00
5	PLCC panels (1 set)	394680.00
6	Hardware items, Mech. Auxiliaries, Cables , Earthing eqpt.etc.	82.60,734.00
7	Inland transportation charges for item 6	11,39,772.00
8	Contingency charges for KSEB purchases	10,73,895.00
9	Overhead charges @ 21%	3940941.00
	<b>Total</b>	<b>1,68,74,764.00</b>

9. The petitioner further submitted that the tariff of the instant assets was determined by the Central Electricity Regulatory Commission as per the tariff orders issued from time to time. Hence, the depreciated value of these assets were computed based on the depreciation rates approved by CERC for these assets since COD, as per the tariff orders issued from time to time.
10. As per the Tariff orders issued by CERC for the asset: Kayamkulam — Edamon Transmission line and its associated bays, the depreciation rate for substation bays for the period from COD to 2008-09 was 3.60% and for the period from 2009-10 to 2011-12 was 5.2609%. For the remaining years from 2012-13 onwards, since the asset had completed 12 years of useful life, the depreciation was at a reduced rate of around 0.66%. PGCIL had claimed Advance Against Depreciation (AAD) during the years 2001-02, 2002-03, 2003-04, 2005-06, 2006-07 and 2007-08.
11. Accordingly the balance capital cost as on 22-6-2018, of the instant asset as per the depreciation rates comes to Rs.47,57,553/- (Rupees Forty Seven Lakhs Fifty Seven Thousand Five Hundred and Fifty Three only), as indicated below:

Description	Amount in Rs.
Capital cost of items taken over by KSEB Ltd	168,74,764
Total depreciation claimed upto 31.03.2018	100,39,267
AAD claimed upto 31.03.2018	20,77,945
Total depreciation claimed	121,17,211
<b>Balance capital cost</b>	<b>47,57,553</b>

12. KSEB Ltd. has approached the Commission for the approval of the above capital investment, as per section 17 of the Electricity Act, 2003. Section 17 of the Electricity Act, 2003 is extracted below:

*Section 17. (Licensee not to do certain things) : - (1) No licensee shall, without prior approval of the Appropriate Commission, -*

*(a) undertake any transaction to acquire by purchase or takeover or otherwise, the utility of any other licensee; or*

*(b) merge his utility with the utility of any other licensee:*

*Provided that nothing contained in this sub-section shall apply if the utility of the licensee is situate in a State other than the State in which the utility referred to in clause (a) or clause (b) is situate.*

*(2) Every licensee shall, before obtaining the approval under sub-section (1), give not less than one month's notice to every other licensee who transmits or distributes electricity in the area of such licensee who applies for such approval.*

*(3) No licensee shall at any time assign his licence or transfer his utility, or any part thereof, by sale, lease, exchange or otherwise without the prior approval of the Appropriate Commission.*

*(4) Any agreement, relating to any transaction specified in sub-section (1) or sub-section (3), unless made with the prior approval of the Appropriate Commission, shall be void.*

13. E- Hearing on the petition was held at 11.00 AM on 06.05.2021. The hearing was attended by the representatives of the petitioner and the respondent. At the outset of the hearing, the advocate representing PGCIL raised the issue of jurisdictional authority of the Commission to hear the petition. She argued that, since the asset proposed to be transferred belonged to an Inter State Transmission System of the CTU, she was of the opinion that the matter is to be decided by the Central Commission. The representative of KSEB Ltd stated that they being the STU of the State, require prior approval of the Commission under Section 17 (1) (a) of the Electricity Act, to acquire the asset from a utility licensee. Both the parties requested more time to file additional details in this regard. Hence, the Commission decided to adjourn the hearing to a later date.

14. In the above circumstances, it is ordered that both the parties shall file their additional submissions before the Commission, with copy to the other party within three weeks. The next hearing on the petition shall be held at **11.00 AM on 10.06.2021** through video conference mode.

Sd/-  
**Adv. A. J. Wilson**  
Member (Law)

Sd/-  
**Preman Dinaraj**  
Chairman

Approved for Issue  
Sd/-  
Secretary