

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram

1. **Shri Bhanu Bhushan, Member**
2. **Shri R. Krishnamoorthy, Member**

**I.A.No. 20/2007 in
Petition No. 134/2006**

In the matter of

Correction of error in order dated 6.2.2007 in Petition No 134/2006 determining final transmission tariff for 400 kV D/C transmission line including bay extension at Raipur and Bhadrawati sub-stations in Western Region for the period 1.6.2005 to 31.3.2009.

And in the matter of

Power Grid Corporation of India Ltd., Gurgaon
Vs

.... Petitioner

1. Madhya Pradesh Power Transmission Company Ltd., Jabalpur
2. Maharashtra State Electricity Distribution Co. Ltd., Mumbai
3. Gujarat Urja Vikas Nigam Ltd., Baroda
4. Electricity Deptt., Govt. of Goa, Panaji
5. Electricity Deptt., Administration of Daman & Diu, Daman
6. Electricity Deptt., Administration of Dadra Nagar Haveli, Silvassa
7. Chhattisgarh State Electricity Board, Raipur
8. Madhya Pradesh Audyogik Kandra Vikas Nigam (Indore) Ltd., Indore

..Respondents

ORDER

This application has been made for correction of an error in the Commission's order dated 6.2.2007, determining final transmission tariff in respect of 400 kV D/C transmission line including bay extension at Raipur and Bhadrawati sub-stations in Western Region (hereinafter referred to as "the transmission line") for the period from 1.6.2005 to 31.3.2009 after accounting for additional capitalization of Rs. 663.63 lakh up to 31.3.2006.

2. In the petition, the petitioner had shown bridge financing of loan from IOB having floating rate of interest of 5.90% p.a., in addition to some other loans. IOB loan was subsequently replaced with Bond XVII having fixed rate of interest of 7.39% p.a.,

with effect from 22.9.2005. Therefore, for the year 2005-06 weighted average rate of interest of 6.99% was worked out for IOB loan/Bond XVII. The weighted average rate of 6.99% was inadvertently considered for the subsequent years, that is, 2006-07 to 2008-09 as well. Accordingly, the Commission in its order of 6.2.2007 approved interest on loan as under after considering all loans allocated to the transmission line:

(Rs. in lakh)

Details of loan	2005-06 (Pro rata)	2006-07	2007-08	2008-09
Interest on Loan				
Opening Gross Loan	18083.37	18547.91	18547.91	18547.91
Cumulative Repayment	0.00	546.37	1210.71	1875.04
Net Loan-Opening	18083.37	18001.54	17337.21	16672.87
Additions due to Additional Capitalisation	464.54	-	-	-
Repayment during the year	546.37	664.33	664.33	953.96
Net Loan-Closing	18001.54	17337.21	16672.87	15718.91
Average Loan	18042.45	17669.37	17005.04	16195.89
Weighted Average Rate of Interest on Loan	6.98%	7.00%	7.00%	7.01%
Interest	1048.80	1236.20	1190.49	1135.15

3. The petitioner has pointed out that interest rate of 6.99% for the years 2006-07 to 2008-09 for IOB loan/Bond XVII has been wrongly applied and that for these years interest rate of 7.39% ought to have been considered for computation of the overall weighted average rate of interest. The petitioner accordingly seeks necessary correction.

4. Notice of the application was issued to the respondents. None of them has filed any reply.

5. We have perused the records and are satisfied that there is an inadvertent mathematical error in the computation of interest on loan component of tariff as pointed out by the petitioner and this error needs to be rectified.

6. Accordingly, the interest on loan component of tariff in respect of the transmission line is revised as under, which will supersede the interest allowed in the table given under para 22 of the order dated 6.2.2007:

INTEREST ON LOAN

(Rs. in lakh)

Details of loan	2005-06 (Pro rata)	2006-07	2007-08	2008-09
Interest on Loan				
Opening Gross Loan	18083.37	18547.91	18547.91	18547.91
Cumulative Repayment	0.00	546.37	1210.71	1875.04
Net Loan-Opening	18083.37	18001.54	17337.21	16672.87
Additions due to Additional Capitalisation	464.54	-	-	-
Repayment during the year	546.37	664.33	664.33	953.96
Net Loan-Closing	18001.54	17337.21	16672.87	15718.91
Average Loan	18042.45	17669.37	17005.04	16195.89
Weighted Average Rate of Interest on Loan	6.98%	7.12%	7.13%	7.14%
Interest	1048.80	1258.56	1212.31	1156.86

7. The detailed calculations in support of weighted average rate of interest considered in tariff are contained in Annexure-I attached.

8. The revision of interest on loan component has resulted in marginal adjustments in interest on working capital. The petitioner's entitlement to interest on working capital as revised, is given hereunder:

(Rs. in lakh)

	2005-06 (Pro rata)	2006-07	2007-08	2008-09
Maintenance Spares	241.14	253.19	268.39	284.49
O & M expenses	23.34	24.31	25.23	26.29
Receivables	522.19	528.22	522.53	564.68
Total	786.67	805.72	816.14	875.46
Rate of Interest	10.25%	10.25%	10.25%	10.25%
Interest	67.19	82.59	83.65	89.73

9. The other elements of tariff, namely return on equity, Advance Against Depreciation and O & M charges approved by order dated 6.2.2007 remain unaffected.

10. The revised summary of the transmission charges applicable for the transmission line, in supersession of that given in the table in para 38 of the order dated 6.2.2007 shall be as under:

(Rs. in lakh)

	2005-06 (Pro rata)	2006-07	2007-08	2008-09
Depreciation	546.37	664.33	664.33	664.33
Interest on Loan	1048.80	1258.56	1212.31	1156.86
Return on Equity	715.16	872.12	872.12	872.12
Advance against Depreciation	0.00	0.00	0.00	289.63
Interest on Working Capital	67.19	82.59	83.65	89.73
O & M Expenses	233.42	291.69	302.75	315.43
Total	2610.94	3169.30	3135.18	3388.11

11. The revised summary sheet of the capital cost, etc in respect of the transmission line is attached as Annexure – II.

12. This order disposes of I.A. No 20/2007.

Sd-

(R. KRISHNAMOORTHY)
MEMBER

sd-

(BHANU BHUSHAN)
MEMBER

New Delhi dated the 15th June, 2007

ANNEXURE-I

CALCULATION OF WEIGHTED AVERAGE RATE OF INTEREST ON LOAN

(Rs. in Lakh)

	Details of Loan	2004-05	2005-06	2006-07	2007-08	2008-09
1	Bond-XV					
	Gross Loan opening		6300.00	6300.00	6300.00	6300.00
	Cumulative Repayment up to DOCO/previous year		0.00	0.00	0.00	525.00
	Net Loan-Opening		6300.00	6300.00	6300.00	5775.00
	Additions during the year		0.00	0.00	0.00	0.00
	Repayment during the year		0.00	0.00	525.00	525.00
	Net Loan-Closing		6300.00	6300.00	5775.00	5250.00
	Average Loan		6300.00	6300.00	6037.50	5512.50
	Rate of Interest		6.68%	6.68%	6.68%	6.68%
	Interest		420.84	420.84	403.31	368.24
	Repayment Schedule	12 Annual instalments from 23.2.2008				
2	Bond- XVI					
	Gross Loan opening		5176.00	5176.00	5176.00	5176.00
	Cumulative Repayment up to DOCO/previous year		0.00	0.00	0.00	0.00
	Net Loan-Opening		5176.00	5176.00	5176.00	5176.00
	Additions during the year		0.00	0.00	0.00	0.00
	Repayment during the year		0.00	0.00	0.00	517.60
	Net Loan-Closing		5176.00	5176.00	5176.00	4658.40
	Average Loan		5176.00	5176.00	5176.00	4917.20
	Rate of Interest		7.10%	7.10%	7.10%	7.10%
	Interest		367.50	367.50	367.50	349.12
	Repayment Schedule	10 Annual instalments from 18-2-2009				
3	Bond- XVII					
	Gross Loan opening		6000.00	6000.00	6000.00	6000.00
	Cumulative Repayment up to DOCO/previous year		0.00	0.00	0.00	0.00
	Net Loan-Opening		6000.00	6000.00	6000.00	6000.00
	Additions during the year		0.00	0.00	0.00	0.00
	Repayment during the year		0.00	0.00	0.00	0.00
	Net Loan-Closing		6000.00	6000.00	6000.00	6000.00
	Average Loan		6000.00	6000.00	6000.00	6000.00
	Rate of Interest		6.99%	7.39%	7.39%	7.39%
	Interest		419.67	443.40	443.40	443.40
	Repayment Schedule	10 Annual Instalments from 22.9.2009				
4	Bond- XVIII					
	Gross Loan opening		607.37	607.37	607.37	607.37
	Cumulative Repayment up to DOCO/previous year		0.00	0.00	0.00	0.00
	Net Loan-Opening		607.37	607.37	607.37	607.37
	Additions during the year		0.00	0.00	0.00	0.00
	Repayment during the year		0.00	0.00	0.00	0.00
	Net Loan-Closing		607.37	607.37	607.37	607.37
	Average Loan		607.37	607.37	607.37	607.37
	Rate of Interest		8.15%	8.15%	8.15%	8.15%
	Interest		49.50	49.50	49.50	49.50
	Repayment Schedule	12 annual inatalments from 9-3-2010				
5	Bond- XVIII (For ACE) (Date of					

Drawal 9.3.2006)					
Gross Loan opening		0.00	663.63	663.63	663.63
Cumulative Repayment up to DOCO/previous year		0.00	0.00	0.00	0.00
Net Loan-Opening		0.00	663.63	663.63	663.63
Additions during the year		663.63	0.00	0.00	0.00
Repayment during the year		0.00	0.00	0.00	0.00
Net Loan-Closing		663.63	663.63	663.63	663.63
Average Loan		331.82	663.63	663.63	663.63
Rate of Interest		8.15%	8.15%	8.15%	8.15%
Interest		27.04	54.09	54.09	54.09
Repayment Schedule	12 annual instalments from 9.3.2010				
Total Loan					
Gross Loan opening		18083.37	18747.00	18747.00	18747.00
Cumulative Repayment up to DOCO/previous year		0.00	0.00	0.00	525.00
Net Loan-Opening		18083.37	18747.00	18747.00	18222.00
Additions during the year		663.63	0.00	0.00	0.00
Repayment during the year		0.00	0.00	525.00	1042.60
Net Loan-Closing		18747.00	18747.00	18222.00	17179.40
Average Loan		18415.19	18747.00	18484.50	17700.70
Rate of Interest		6.98%	7.12%	7.13%	7.14%
Interest		1284.55	1335.32	1317.79	1264.34

Annexure – II

Summary Sheet						
Name of the Company:			PGCIL			
Name of the Element:			Raipur-Chandrapur (Bhadrawati) 400KV D/C Transmission Line including Bay extensions at Raipur and Bhadrawati S/S			
Actual DOCO:			1.6.2005			
Petition No.:			134/2006			
Tariff setting Period:			2004-09			
						(Rs. in lakh)
1	Capital Cost of the Project as on DOCO					24113.74
2	Additional Capitalization					663.63
			For the year 2005-06		663.63	
			Total		663.63	
3	Total Capital Cost as on 1.4.2006(1+2)					24777.37
4	Means of Finance :					
		As on DOCO			As on 1.4.2006	
	Debt	74.99%	18083.37		74.86%	18547.91
	Equity	25.01%	6030.37		25.14%	6229.46
	Total	100.00%	24113.74		100.00%	24777.37
5	Gross Loan:					
			As on DOCO			18083.37
			Notional Loan corresponding to ACE during 2005-06			464.54
			As on 1.4.2006			18547.91
6	Cumulative Repayment up to 31.3.2009 :					2829.00
			Up to DOCO			0.00
			From DOCO to 31.3.2009			2829.00
			Total			2829.00
7	Balance Loan to be repaid beyond 31.3.2009 :					15718.91
8	Depreciation recovered up to 31.3.2009 :					2829.00
				Dep	AAD	Total
			From DOCO to 31.3.2009	2539.37	289.63	2829.00
			Total			2829.00
9	Balance Depreciation to be recovered beyond 31.3.2009 :					19470.63
			Capital cost for the purpose of Depreciation		24113.74	
			ACE during 2005-06		663.63	
			Capital cost as 1.4.2006		24777.37	
			Less: Land Cost		0.00	
					24777.37	
			90% of Capital Cost as above		22299.63	
			Cum. Depreciation to be recovered up to 31.3.2009		2829.00	
			Balance Depreciation to be recovered beyond 31.3.2009		19470.63	