

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

Petition No. 57/2007

In the matter of

Determination of provisional transmission tariff for 400 kV D/C Agra-Bassi transmission line (ckt-III and II) along with associated bays under Northern Region System Strengthening Scheme-II in Northern Region for the period from 1.1.2007 to 31.3.2009.

And in the matter of

Power Grid Corporation of India Limited, Gurgaon

..Petitioner

Vs

1. Rajasthan Rajya Vidyut Prasaran Nigam Limited, Jaipur
2. Ajmer Vidyut Vitaran Nigam Ltd., Ajmer
3. Jaipur Vidyut Vitaran Nigam Ltd, Jaipur
4. Jodhpur Vidyut Vitaran Nigam Ltd, Jodhpur
5. Himachal Pradesh State Electricity Board, Shimla
6. Punjab State Electricity Board, Patiala
7. Haryana Vidyut Prasaran Nigam Ltd, Panchkula
8. Power Development Department, Govt. of J&K, Jammu
9. Uttar Pradesh Power Corporation Ltd, Lucknow
10. Delhi Transco Ltd, New Delhi
11. Chief Engineer, Chandigarh Administration, Chandigarh
12. Uttaranchal Power Corporation Ltd, Dehradun
13. North Central Railway, Allahabad

.....Respondents

The following were present:

1. Shri P.C.Pankaj, PGCIL
2. Shri U.K. Tyagi, PGCIL
3. Shri M.M.Mondal, PGCIL
4. Shri Prashant Sharma, PGCIL
5. Shri Rakesh Prasad, PGCIL
6. Shri C.Kannan, PGCIL
7. Shri T.P.S.Bawa, PSEB
8. Shri A.S.Chauhan, JVVNL
9. Shri T.C.Nigolya, AVVNL
10. Shri S.N.Singh, UPPCL
11. Shri R.K.Arora, HPGCL

**ORDER
(DATE OF HEARING: 28.6.2007)**

The application has been made for approval of provisional transmission charges for 400 kV D/C Agra-Bassi transmission line (ckt-III and II) along with

associated bays (the transmission line) under Northern Region System Strengthening Scheme-II (the transmission scheme) in Northern Region for the period from 1.1.2007 to 31.3.2009, based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 (the 2004 regulations).

2. The investment approval for the transmission scheme was accorded by Board of Directors of the petitioner company vide Memorandum dated 25.2.2004 at an estimated cost of Rs. 24778 lakh, which included IDC of Rs. 1501 lakh. The apportioned approved cost of the transmission line has been indicated as Rs. 19168.64 lakh. The transmission line has been declared under commercial operation w.e.f. 1.1.2007.

3. The details of capital expenditure submitted by the petitioner are as follows:

(Rs. in lakh)	
Expenditure up to 31.3.2006 (Audited)	18088.01
Expenditure from 1.4.2006 to 31.12.2006	2291.24
Balance estimated expenditure	1420.32
Total	21799.57

4. The petitioner has claimed the following transmission charges based on the capital cost of Rs. 20379.25 lakh as on the date of commercial operation:

(Rs. in lakh)	
Period	Transmission Charges
2006-07 (Pro rata)	704.57
2007-08	2800.10
2008-09	2767.57

5. The expenditure up to 31.3.2006 has been verified from audited statement of accounts. For the period from 1.4.2006 to 31.12.2006 the expenditure indicated is based on books of accounts, which is yet to be audited.

6. The petition has been heard after notice to the respondents. Uttar Pradesh Power Corporation Limited, Jodhpur Vidyut Vitran Nigam Limited, Jaipur Vidyut Vitran

Nigam Limited and Ajmer Vidyut Vitran Nigam Limited in their reply have raised certain issues which are relevant for consideration while determining final tariff. Since the present petition is for provisional tariff only, the issues raised are not being gone into at this stage. The respondents are at liberty to bring up these issues, if so advised, when the petition for final tariff is filed and the issues will be examined then.

7. The actual expenditure of Rs. 20379.25 lakh as on the date of commercial operation has been claimed by the petitioner as the base for determination of provisional transmission tariff. The petitioner has indicated equity deployment of Rs. 6103.25 lakh as on the date of commercial operation, which is 29.95% of the capital expenditure of Rs. 20379.55 lakh, and is within the percentage specified in the investment approval dated 25.2.2004, and is also less than 30% (the limit specified in the 2004 regulations). However, the apportioned approved cost of the transmission line as stated is Rs. 19168.64 lakh, which has been adopted for determination of provisional tariff. Equity component of Rs. 5740.69 lakh which is 29.95% of the apportioned approved cost, has therefore been considered. Return on equity @ 14% would thus be Rs. 803.70 lakh per year, and Rs. 200.92 lakh for the year 2006-07 on pro rata basis.

8. The petitioner has claimed depreciation of Rs 556.39 lakh (2.73% of the capital cost of Rs 20379.25 lakh) per year. In our calculation depreciation has been allowed on apportioned approved cost of Rs.19168.64 lakh. Accordingly, depreciation for the year 2006-07 works out to Rs. 130.83 lakh and Rs. 523.30 lakh for full year thereafter. Loan repayment has notionally been taken to be equal to the depreciation allowed in tariff, and weighted average interest rate has been taken as claimed by the petitioner,. Interest on loan component on the average loan amounts for the years 2006-07, 2007-08 and 2008-09 works out to Rs.260.57 lakh (pro rata), Rs. 1016.77 lakh and

Rs. 975.95 lakh respectively. No advance against depreciation has been claimed by the petitioner and allowed by us.

9. O & M expenses have been claimed for 434.854 ckt kms and four (4) bays at the rates specified in the 2004 regulations, and are in order. Interest on working capital has been calculated as per the 2004 regulations.

10. Based on the above, the provisional annual transmission charges are determined as follows:

	(Rs. in lakh)		
	2006-07(Pro rata)	2007-08	2008-09
Return on equity	200.92	803.70	803.70
Depreciation	130.83	523.30	523.30
Advance against depreciation	0.00	0.00	0.00
Interest on loan	260.57	1016.77	975.95
O & M expenses	57.16	237.41	247.27
Interest on working capital	16.78	67.21	67.98
Total	666.26	2648.39	2618.20

11. We allow transmission charges tabulated above for the transmission line, on provisional basis from the date of commercial operation subject to adjustment after determination of final tariff.

12. The petitioner shall file a fresh petition for approval of final tariff in accordance with the Commission's regulations on the subject, latest by 31.10.2007.

13. While making the application for approval of final tariff, the petitioner shall file a certificate, duly signed by the Auditors, certifying the loan details, duly reconciled with audited accounts of 2006-07.

14. Accordingly, the petition stands disposed of.

Sd/-
(R.KRISHNAMOORTHY)
MEMBER
New Delhi dated the 28th June 2007

sd/-
(BHANU BHUSHAN)
MEMBER