

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

Petition No. 122/2007

In the matter of

Determination of provisional transmission tariff for LILO of 400 kV Vindhyachal-Kanpur line at Singrauli along with bays at Singrauli end (Realignment of Vindhyachal-Kanpur S/C line at Singrauli and Singrauli-Vindhyachal 2nd 400 kV ckt) and Bus coupler bay at Vindhyachal HVDC under system strengthening scheme in Singrauli-Vindhyachal corridor in Northern Region for the period 2004-09

And in the matter of

Power Grid Corporation of India Limited, Gurgaon

..Petitioner

Vs

1. Rajasthan Raja 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 Power Generation Corporation 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. BSES Yamuna Power Ltd., Delhi
12. BSES Rajdhani Power Ltd., New Delhi
13. North Delhi Power Ltd., New Delhi
14. Chief Engineer, Chandigarh Administration, Chandigarh
15. Uttaranchal Power Corporation Ltd, Dehradun
16. North Central Railway, Allahabad

.....Respondents

The following were present:

1. Shri U.K. Tyagi, PGCIL
2. Shri C.Kannan, PGCIL
3. Shri Harmeet Singh, PGCIL
4. Shri T.P.S.Bawa, PSEB
5. Shri Mithun Balaji, BSES

ORDER

(DATE OF HEARING: 20.11.2007)

The application has been made for approval of provisional transmission charges for LILO of 400 kV Vindhyachal-Kanpur transmission line at Singrauli along with bays at Singrauli end (Realignment of Vindhyachal-Kanpur S/C transmission

line at Singrauli and Singrauli-Vindhyachal 2nd 400 kV ckt) and Bus coupler bay at Vindhyachal HVDC, collectively referred to as “the transmission assets” , under system strengthening scheme in Singrauli-Vindhyachal corridor in Northern Region for the period 1.5.2007 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 implementation of transmission assets was accorded by Board of Directors of the petitioner company vide Memorandum dated 25.2.2004 at an estimated cost of Rs. 1726 lakh, which included IDC of Rs. 106 lakh. As per the investment approval, the transmission assets were scheduled to be commissioned by August 2006. The transmission assets have been declared under commercial operation w.e.f. 1.5.2007. Thus, there is delay of about 8 months in the commissioning. The petitioner has explained that the delay was due to excessive heavy rains and heavily waterlogged locations because of which work was held up. The work was resumed in October 2006. Following the completion of erection work, the petitioner is stated to have approached NTPC/NRLDC for availing the shut-down of Vindhyachal-Kanpur 400 kV transmission line. The shut-down was granted and petitioner mobilized the gangs at least four times, which had to be demobilized every time due to last minute denial of shut-down by NRLDC/NTPC on account of heavy loading on Vindhyachal-Kanpur transmission line. The petitioner has attached copies of relevant documents indicating correspondence on shut-down of Vindhyachal-Kanpur transmission line This issue will be considered at the time of approval of final tariff.

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

| (Rs. in lakh) | |
|---------------------------------------|----------------|
| Expenditure up to 31.3.2007 | 1385.19 |
| Expenditure from 1.4.2007 to 1.5.2007 | 199.17 |
| Balance estimated expenditure | 500.82 |
| Total | 2085.18 |

4. The petitioner has claimed the following transmission charges based on the capital cost of Rs. 1584.36 lakh as on the date of commercial operation:

| (Rs. in lakh) | |
|--------------------|----------------------|
| Period | Transmission Charges |
| 2007-08 (Pro rata) | 289.54 |
| 2008-09 | 318.82 |

5. The expenditure up to 31.3.2007 has been verified from audited statement of accounts. For the period from 1.4.2007 to 30.4.2007 the expenditure indicated is based on books of accounts.

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. The representative of BSES has also raised the issue of the likely benefits arising out of the commissioning of the transmission assets. 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. 1584.36 lakh as on the date of commercial operation has been claimed by the petitioner as the base for determination of provisional transmission tariff.

8. The petitioner has indicated equity deployment of Rs. 475.36 lakh as on the date of commercial operation, which is 30% of the capital cost considered and is admissible under the 2004 regulations. Therefore, the return on equity @ 14% would be Rs. 66.55 lakh for the year 2008-09 and Rs. 61 lakh for the year 2007-08 on pro rata basis.

9. The petitioner has claimed depreciation of Rs. 51.01 lakh for the year 2007-08 (pro rata) and Rs. 55.65 lakh for year 2008-09 (3.51% of the capital cost of Rs.1584.36 lakh), which is provisionally accepted. 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, i.e. 7.46% for the year 2007-08 and 8.45% for the year 2008-09. On scrutiny of the Form-13 of the tariff application, it is revealed that the weighted average rate of interest has been wrongly calculated as 7.46% instead of 8.45%. The same has been corrected and weighted average rate of interest has been considered as 8.45%. Accordingly, interest on loan component on the average loan amounts for the years 2007-08 and 2008-09 works out to Rs. 83.93 lakh (pro rata), Rs.87.06 lakh, respectively. No Advance Against Depreciation has been considered by us while working out the provisional tariff.

10. O & M expenses have been claimed for three (3) bays and 4.808 ckt km of line length at the rates specified in the 2004 regulations, and are in order. Interest on working capital has been calculated as per the 2004 regulations.

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

| (Rs. in lakh) | | |
|------------------------------|---------------------------|----------------|
| | 2007-08 (Pro rata) | 2008-09 |
| Return on equity | 61.00 | 66.55 |
| Depreciation | 51.01 | 55.65 |
| Advance against depreciation | 0.00 | 0.00 |
| Interest on loan | 83.93 | 87.06 |
| O & M expenses | 88.11 | 99.98 |
| Interest on working capital | 8.65 | 9.58 |
| Total | 292.71 | 318.81 |

12. 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.

13. The petitioner shall file a fresh petition for approval of final tariff in accordance with the Commission's regulations on the subject, latest by 31.10.2008.

14. 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 2007-08.

15. Accordingly, the petition stands disposed of.

**Sd-/
(R.KRISHNAMOORTHY)
MEMBER**
New Delhi dated the 29th November 2007

**sd-/
(BHANU BHUSHAN)
MEMBER**