

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram:**

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

**Petition No. 130/2007**

**In the matter of**

Determination of provisional transmission tariff for 50 MVAR bus reactor at Hissar sub-station (DOCO 1.7.2007) under Northern region system strengthening scheme-III in Northern Region for the tariff period 2004-09.

**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 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 Umesh Chandra, PGCIL
2. Shri U.K. Tyagi, PGCIL
3. Shri T.P.S.Bawa, PSEB
4. Shri R.K.Arora, HPGCL
5. Shri Mithun Balaji, BSES

**ORDER  
(DATE OF HEARING: 22.11.2007)**

The application has been made for approval of provisional transmission charges for 50 MVAR bus reactor at Hissar sub-station (the transmission assets) under Northern region system strengthening scheme-III (the transmission scheme) in Northern Region for the period 1.7.2007 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 scheme was accorded by Board of Directors of the petitioner company vide Memorandum dated 13.7.2004 at an estimated cost of Rs. 23052 lakh, which included IDC of Rs.1477 lakh. The apportioned approved cost of the transmission assets is stated to be Rs. 174.02 lakh. As per the investment approval, the transmission assets were scheduled to be commissioned by January 2008. The transmission assets have been declared under commercial operation w.e.f. 1.7.2007, 6 months ahead of the schedule. In this regard, the petitioner has submitted that since the line reactor installed in Moga-Hissar transmission line had been shifted and installed as bus reactor bay, the shifting had to be done according to availability of shut-down depending upon the grid condition. The shut-down was available in end March, 2007 and accordingly the bus reactor bay was commissioned early to take care of over-voltage condition during the monsoon period commencing from July 2007.

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

(Rs. in lakh)	
Expenditure up to 31.3.2007	85.15
Expenditure from 1.4.2007 to 30.6.2007	32.74
Balance estimated expenditure	30.99
<b>Total</b>	<b>148.88</b>

4. The petitioner has claimed the following transmission charges based on the capital cost of Rs. 117.89 lakh as on the date of commercial operation:

(Rs. in lakh)	
Period	Transmission Charges
2007-08 (Pro rata)	37.41
2008-09	50.84

5. The expenditure up to 31.3.2007 has been verified from audited statement of accounts. For the period from 1.4.2007 to 30.6.2007 the expenditure indicated is based on books of accounts.
6. The petition has been heard after notice to the respondents. No reply has been filed any of the respondents.
7. The actual expenditure of Rs. 117.89 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. 34.89 lakh as on the date of commercial operation, which is 29.60% of the capital cost considered and is admissible under the 2004 regulations. Therefore, the return on equity @ 14% would be Rs. 4.88 lakh for the year 2008-09 and Rs.3.66 lakh for the year 2007-08 on pro rata basis.
9. The petitioner has claimed depreciation of Rs. 3.36 lakh for the year 2007-08 (pro rata) and Rs. 4.48 lakh for year 2008-09 (3.80% of the capital cost of Rs.117.89 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. 9.11%. Interest on loan component on the average loan amounts for the years 2007-08 and 2008-09 works out to Rs.5.56 lakh (pro rata), Rs.7.05 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 one (1) bay at the rate 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)

	<b>2007-08 (Pro rata)</b>	<b>2008-09</b>
Return on equity	3.66	4.88
Depreciation	3.36	4.48
Advance against depreciation	0.00	0.00
Interest on loan	5.56	7.05
O & M expenses	23.72	32.90
Interest on working capital	1.11	1.52
<b>Total</b>	<b>37.42</b>	<b>50.84</b>

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 22nd November 2007**

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