

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

1. **Shri Bhanu Bhushan, Member**
2. **Shri A.H.Jung, Member**

Petition No. 131/2006

In the matter of

Approval of provisional transmission tariff for 400 kV D/C Muzaffarpur-Gorakhpur transmission line in Eastern-Northern inter-connector associated with Tala Hydro Electric Project, East-North inter-connector and Northern Region transmission system for the period from 1.9.2006 to 31.3.2009.

And in the matter of

Powerlinks Transmission Ltd., New Delhi

..Petitioner

Vs

1. Power Grid Corporation of India Limited, Gurgaon
2. Rajasthan Rajya Vidyut Prasaran Nigam Limited, Jaipur
3. Ajmer Vidyut Vitaran Nigam Ltd., Ajmer
4. Jaipur Vidyut Vitaran Nigam Ltd, Jaipur
5. Jodhpur Vidyut Vitaran Nigam Ltd, Jodhpur
6. Punjab State Electricity Board, Patiala
7. Haryana Vidyut Prasaran Nigam Ltd, Panchkula
8. Uttar Pradesh Power Corporation Ltd, Lucknow
9. Power Development Department, Govt. of J&K, Jammu
10. Delhi Transco Ltd, New Delhi
11. Himachal Pradesh State Electricity Board, Shimla
12. Chief Engineer, Chandigarh Administration, Chandigarh
13. Uttaranchal Power Corporation Ltd, Dehradun
14. North Central Railway, Allahabad
15. West Bengal State Electricity Board, Kolkata
16. Damodar Valley Corporation, Calcutta
17. Bihar State Electricity Board, Patna
18. Grid Corporation of Orissa Ltd., Bhubaneshwar
19. Power Department, Govt. of Sikkim, Gangtok
20. Jharkhand State Electricity Board, Ranchi

.....Respondents

The following were present:

1. Shri Utpal Dhar, PTL
2. Shri S. Datta, PTL
3. Shri P.K.Jha, PTL
4. Shri D.K.Nandi, PTL
5. Ms. Ritu Jaswal, PTL
6. Shri S.N.Singh, UPPCL
7. Shri P.C.Pankaj, PGCIL
8. Shri U.K. Tyagi, PGCIL
9. Shri B.C.Pant, PGCIL
10. Shri R.B.Sharma, Advocate, BSEB

11. Shri M.M. Mondal, CM (Fin), PGCIL
12. Shri C. Kannan, PGCIL

ORDER
(DATE OF HEARING: 16.1.2007)

The application is made for approval of provisional transmission charges for 400 kV D/C Muzaffarpur-Gorakhpur transmission line (the transmission line) forming part of the transmission system associated with Tala Hydro Electric Power, East-North inter- connector and Northern Region transmission system (the transmission system).

2. The administrative approval and expenditure sanction for the transmission system was accorded by the Ministry of Power under letter dated 2.7.2003 at an estimated cost of Rs.198070 lakh, which included IDC of Rs.21792 lakh. Subsequently, the revised cost estimate for the transmission system was approved by Ministry of Power under letter dated 29.9.2005 at Rs. 248388 lakh, including IDC of Rs. 14744 lakh, with debt-equity ratio of 70:30. The transmission system is to be implemented by Power Grid and the petitioner, a joint venture company. The details of revised approved cost are given hereunder:

- (a) Power Grid portion: Rs. 87210 lakh (including IDC of Rs. 2574 lakh)
- (b) Joint Venture portion: Rs. 161178 lakh (including IDC of Rs. 12170 lakh).

3. The transmission line was to be completed by July 2006, but has been declared under commercial operation w.e.f. 1.9.2006. The petitioner has explained that the delay in completion was due to Panchayat election in Bihar during April-May 2006 and one fire incident on the site on 29.4.2006 which adversely affected the progress of site work and mobilization of men, material as well as T & P and labour injury. The petitioner has submitted that the reasons for delay were beyond its control. At this stage, we are considering the provisional tariff for the transmission assets.

Therefore, the justifications or otherwise for delay will be considered by the Commission at the time of approval of final tariff.

4. The estimated completion cost of the transmission line is stated to be Rs. 44147.00 lakh. The actual expenditure up to the date of commercial operation, that is, 1.9.2006 was Rs.38834.37 lakh as per the Chartered Accountant's certificate dated 11.10.2006 placed on record by the petitioner and the balance estimated expenditure is stated to be Rs. 5312.63 lakh. The provisional transmission charges claimed by the petitioner (inclusive of insurance reserve and licence fee) are given hereunder:

(Rs.in lakh)

period	Annual Transmission Charges	Insurance Reserve	Licence fee	Total transmission charges
2006-07 (Pro rata)	3303.34	44.60	5.57	3353.51
2007-08	6456.07	44.60	5.57	5606.24
2008-09	6819.48	44.60	5.57	6869.65
Total	16578.89	133.80	16.71	16729.40

5. The petitioner has claimed provisional transmission charges based on the capital cost of Rs.38834.37 lakh. The petitioner has published notices in the newspapers on the tariff proposal made in the petition in accordance with the procedure specified by the Commission. However, no suggestions or comments have been received from the general public.

6. The petition has been heard after notice to the respondents. UPPCL, AVVNL, JVVNL, JdVVNL, WBESB and BSEB in their reply have raised certain issues. Since the present petition is being considered 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 in due course and these

issues will be examined then. The petitioner shall, however, take these points into account while making the application for approval of final tariff.

7. The Commission has considered the capital cost of Rs.38834.37 lakh as on the date of commercial operation. Without going into details of the claim, and other issues arising in the present petition, reserved for consideration at the time of final tariff, we allow annual transmission charges of Rs. 5379.73 lakh for the transmission line, on provisional basis from the date of commercial operation, subject to adjustment after determination of final tariff.

8. The transmission charges shall be shared by respondents 2 to 20 in accordance with the provisions of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004.

9. The petitioner has sought approval for the reimbursement of expenditure incurred on publication of notices in the newspapers. The petitioner shall claim reimbursement of the said expenditure from respondents 2 to 20 in one installment in the ratio applicable for sharing of transmission charges. The petitioner has also sought reimbursement of filing fee paid. A final view on reimbursement of filing fee is yet to be taken by the Commission for which views of the stakeholder have been called for. The view taken on consideration of the comments received shall apply in the present case as regards reimbursement of filing fee.

10. The petitioner has signed Transmission Service Agreement with respondent No. 1 in its capacity as the Central Transmission Utility who has further signed BPTAs with constituents of Northern and Eastern Regions for sharing of the transmission charges of the transmission line.

11. In view of Transmission Service Agreement entered into between the petitioner and respondent No. 1 and also BPTAs entered into between respondent No. 1 and the beneficiaries respondents No. 2 to 20, respondent No. 1 shall raise bills for the transmission charges approved in this order on the beneficiaries in accordance with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004. The transmission charges shall be shared between Northern and Eastern beneficiaries

12. With the above, the present petition stands disposed of. The petitioner shall file the fresh petition for approval of final tariff in accordance with the Commission's tariff regulations ibid latest by 31.10.2007.

13. The petitioner is also directed to file the following information/clarification at the time of filing of petition for approval of final tariff:

- (a) Reasons for delay in commercial operation with supporting documents;
- (b) A certificate, duly signed by the Auditors, certifying the loan details, cost of spares as on date of commercial operation, break-up of land, transmission line, sub-station and PLCC;
- (c) Details of amount of Rs. 738.38 lakh considered for contingency in original estimate but actual expenditure has been shown nil in Form 5B at serial No.10.3;
- (d) Reason for difference in original estimate and actual expenditure till date of commercial operation and details of balance expenditure;
- (e) Clarification on the remarks under the head "ROW, Forest clearance etc. which is still awaited. In Form 5B under serial No. 10.3;
- (f) Documents in support of loans raised; and

(g) A certificate, duly signed by the Auditors, certifying the loan details duly reconciled with audited accounts of 2006-07.

**Sd-/
(A.H.JUNG)
MEMBER**

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

New Delhi dated the 16th January 2007