

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram:**

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

**Petition No. 94/2007**

**In the matter of**

Determination of provisional transmission tariff for Gooty-Raichur 400 kV D/C transmission line along with bay extension at Gooty and Raichur under Scheme for system strengthening-III of Southern Region grid from 1.5.2007 to 31.3.2009.

**And in the matter of**

Power Grid Corporation of India Limited, Gurgaon

**..Petitioner**

Vs

1. Karnataka Power Transmission Corporation Ltd., Bangalore
2. Transmission Corporation of Andhra Pradesh Ltd., Hyderabad
3. Kerala State Electricity Board, Thiruvananthapuram
4. Tamil Nadu Electricity Board, Chennai
5. Electricity Department, Govt. of Pondicherry, Pondicherry

**.... Respondents**

**The following were present:**

1. Shri U.K. Tyagi, PGCIL
2. Shri M.M.Mondal, PGCIL
3. Shri Prashant Sharma, PGCIL
4. Ms. Hemlata Vyas, PGCIL
5. Shri C.Kannan, PGCIL
6. Shri R.Krishnaswami, TNEB

**ORDER**

**(DATE OF HEARING: 18.9.2007)**

The application has been made for approval of provisional transmission charges for Gooty-Raichur 400 kV D/C transmission line along with bay extension at Gooty and Raichur (the transmission line) under the system strengthening Scheme - III (the transmission scheme) of Southern Region from 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 the transmission scheme was accorded by Ministry of Power vide its letter dated 26.10.2004 at an estimated cost of Rs. 28478

lakh, which includes IDC of Rs. 801 lakh. The transmission line is part of the transmission scheme. The apportioned approved cost of the transmission line has been indicated as Rs.22421 lakh. The transmission line has been declared under commercial operation w.e.f. 1.5.2007.

3. The details of capital expenditure submitted by the petitioner as per affidavit dated 19.7.2007 are as follows:

(Rs. in lakh)	
Expenditure up to 31.3.2007 (audited)	19162.60
Expenditure from 1.4.2007 to 30.4.2007	238.49
Balance estimated expenditure	3205.47
<b>Total</b>	<b>22606.56</b>

4. The petitioner has claimed the following transmission charges, based on the capital cost of Rs. 19401.09 lakh as on the date of commercial operation:

(Rs. in lakh)	
Period	Transmission Charges
2007-08(Pro rata)	2297.67
2008-09	2482.69

5. The expenditure up to 31.3.2007 has been verified from audited statement of accounts. For the period from 1.4.2006 to 1.5.2007 the expenditure indicated is based on books of accounts.

6. The petition has been heard after notice to the respondents. Tamil Nadu Electricity Board in its reply has 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.

## **Capital cost**

7. The actual expenditure of Rs. 19401 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. 5819.89 lakh as on the date of commercial operation, which is 30% of the capital cost considered (the limit specified in the regulations). The same has been accepted. Therefore, the return on equity @ 14% would be Rs. 814.78 lakh for the year 2008-09 and Rs. 746.89 lakh for the year 2007-08 on pro rata basis.

9. The petitioner has claimed depreciation of Rs. 475.86 lakh (2.68% of the capital cost of Rs.19401.09 lakh) for the year 2007-08 (pro rata) and Rs. 519.12 lakh for year 2008-09, 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 6.78% for the year 2007-08 and 6.79% for the year 2008-09. Interest on loan component on the average loan amounts for the years 2007-08 and 2008-09 works out to Rs.819.77 lakh (pro rata), Rs.861.22 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 293.44 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.

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	746.89	814.78
Depreciation	475.86	519.12
Advance against depreciation	0.00	0.00
Interest on loan	819.77	861.22
O & M expenses	184.57	209.66
Interest on working capital	70.58	77.90
<b>Total</b>	<b>2297.67</b>	<b>2482.68</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 31.3.2008.

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 2006-07.

15. It is to point out that the application for approval of provisional transmission charges has been made on 27.7.2007, whereas the transmission line was commissioned on 1.5.2007. The representative of the petitioner explained that delay was on account of non-availability of the complete data for Forms 5B and 5C specified under the 2004 regulations. The data required is not available till completion of the transmission line, etc. It has been submitted that in case the Commission does not insist for the information as per Forms 5B and 5C, it is possible to make applications for approval of provisional tariff in advance of commissioning of the transmission line, etc.

16. We are satisfied with the submission made. We find that because of unavailability of the information required for incorporation in Forms 5B and 5C till the commissioning of the transmission line, etc the applicant is not able to make application for approval of provisional tariff. This inevitably causes delay in approval of provisional tariff and consequently results in accumulation of arrears on account of transmission charges. The situation is neither in the interest of the petitioner nor the beneficiaries of the transmission line. We, therefore, grant liberty to the petitioner to make application for approval of provisional tariff, based on auditors certificate as to the capital cost, without necessarily submitting information as per Forms 5B and 5C. We make it clear that the information in accordance with Forms 5B and 5C shall invariably be furnished while making application for approval of final tariff.

17. Accordingly, the petition stands disposed of.

**Sd-/  
(R.KRISHNAMOORTHY)  
MEMBER**

**New Delhi dated the 19<sup>th</sup> September 2007**

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