

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

1. **Shri Bhanu Bhushan, Member**
2. **Shri Rakesh Nath Member (EO)**

**IA No. 4/2007 in
Petition No. 2/2007**

In the matter of

Determination of final transmission tariff for 400 kV D/C Rihand-Allahabad, Allahabad-Mainpuri & Mainpuri-Ballabgarh transmission lines with associated bays, ICT-I & II at Patiala sub-station, LILO of one circuit of Nalagarh-Hissar transmission line at Kaithal, LILO of one circuit of Nalagarh-Hissar line at Patiala, 400 kV S/C Patiala-Malerkotla transmission line, ICT-III at Abdullapur sub-station and provisional transmission tariff for 400 kV S/C Dadri-Panipat transmission line with associated bays and 2 nos of bays at Abdullapur sub-station under Rihand STPS Stage-II Transmission System in Northern Region for tariff block 2004-09 period.

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 Padamjit Singh, PSEB
6. Shri T.P.S.Bawa, OSD

ORDER
(DATE OF HEARING: 26.4.2007)

The application has been made for approval of tariff in respect of the following assets associated with Rihand STPS Stage-II Transmission System (the transmission system) in Northern Region from the date of commissioning of the respective asset, as given hereunder, and up to 31.3.2009:

S.No.	Name of Asset	DOCO
1.	400 kV D/C Rihand-Allahabad-Mainpuri-Ballabgarh transmission lines with associated bays	1.6.2005
2.	ICT-I at Patiala sub-station, LILO of Nalagarh-Hissar transmission line at Kaithal, 400 kV S/C Patiala-Malerkotla transmission line & ICT-III at Abdullapur sub-station with associated bays	1.10.2005
3.	ICT-II at Patiala sub-station and LILO of one ckt of Nalagarh-Hissar transmission line at Patiala sub-station with associated bays	1.12.2005
4.	400 kV S/C Dadri-Panipat transmission line with associated bays	1.4.2006
5.	2 nos of 220 kV bays at Abdullapur sub-station	1.11.2006

2. The transmission system also includes the following two elements for which tariff has not been claimed in the present petition:

S.No.	Name of Asset
1.	ICT- I & II along with associated bays at Kaithal sub-station
2.	ICT- I & ICT-II along with associated bays and four nos 220 kV line bays at Mainpuri sub-station

3. The Commission has already allowed provisional tariff in respect of different assets, except Dadri-Panipat transmission line, declared under commercial operation on 1.4.2006 and 2 nos of 220 kV bays at Abdullapur sub-station, declared under commercial operation on 1.11.2006. The petitioner has stated that one ICT each at Kaithal and Mainpuri were taken out of service on 13.5.2006 and 18.5.2006 respectively and were diverted to Mandola and Ballabgarh sub-stations, under Rihand STPS Stage – I Transmission System. The petitioner has submitted that new ICTs at Kaithal and Mainpuri are expected to be commissioned shortly and therefore, it has

proposed to file separate petition for approval of tariff in respect of these two assets for which provisional tariff has been allowed earlier.

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4. In the interlocutory application, the petitioner has sought approval of provisional tariff in respect of 400 kV S/C Dadri-Panipat transmission line and two nos 220 kV bays at Abdullapur sub-station, pending approval of final transmission tariff for the transmission system.

5. The details of capital expenditure submitted by the petitioner of the two assets in respect of which approval of provisional tariff is sought, are as under:

400 kV S/C Dadri-Panipat transmission line with associated bays

(Rs.in lakh)	
Expenditure up to 31.3.2006	5500.27
Balance estimated expenditure	447.04
Total	5947.31

Two Nos. 220 kV bays at Abdullapur sub-station

(Rs.in lakh)	
Expenditure up to 31.3.2006	266.72
Expenditure from 1.4.2006 to 31.10.2006	44.05
Balance estimated expenditure	41.73
Total	352.50

6. The petitioner has claimed the following provisional transmission charges based on the capital cost as on the date of commercial operation of the respective asset:

400 kV S/C Dadri-Panipat transmission line with associated bays

(Rs. in lakh)	
Period	Transmission Charges
2006-07	755.60
2007-08	748.64
2008-09	847.20

Two Nos. 220 kV bays at Abdullapur sub-station

(Rs. in lakh)

Period	Transmission Charges
2006-07 (Pro rata)	43.94
2007-08	107.27
2008-09	108.94

7. The expenditure up to 31.3.2006 has been verified from audited statement of accounts. The expenditure for the period 1.4.2006 onward in respect of 220 bays at Abdullapur sub-station claimed by the petitioner is based on books of accounts which are yet to be audited.

8. The interlocutory application has been heard after notice to the respondents. Uttar Pradesh Power Corporation Limited, Ajmer Vidyut Vitran Nigam Ltd., Jaipur Vidyut Vitran Nigam Ltd and Jodhpur Vidyut Vitran Nigam Limited in their reply have raised certain issues which may be relevant for disposal of the main petition. Since presently we are considering the application for approval of provisional tariff only, the issues raised are not being gone into at this stage. The issues will be examined when the main petition for final tariff is taken up for consideration.

400 kV S/C Dadri-Panipat transmission line with associated bays

9. The actual expenditure of Rs. 5500.27 lakh as on the date of commercial operation has been claimed by the petitioner as the base for determination of provisional transmission tariff from 1.4.2006 to 31.3.2009. The approved apportioned cost is stated to be Rs. 5622.76 lakh. The petitioner has indicated equity deployment of Rs.1523.27 lakh as on the date of commercial operation, which is 27.69% of the capital cost. This has been considered, being less than 30%. Therefore, return on equity @ 14% would be Rs. 213.26 lakh per year.

10. The petitioner has claimed depreciation of Rs.149.70 lakh (2.72% of the capital cost of Rs.5500.27 lakh) per year, 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, ie, 7.27%, 7.28% and 7.30% for the years 2006-07, 2007-08 and 2008-09 respectively. Interest on loan component on the average loan amounts for the years 2006-07, 2007-08 and 2008-09 works out to Rs. 283.69 lakh, Rs. 273.18 lakh and Rs. 263.00 lakh respectively. No advance against depreciation has been claimed by the petitioner and allowed by us.

11. O & M expenses have been claimed for 116.65 ckt kms and two (2) 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.

Two Nos. 220 kV bays at Abdullapur sub-station

12. The actual expenditure of Rs. 310.77 lakh as on the date of commercial operation has been claimed by the petitioner as the base for determination of provisional transmission tariff from 1.11.2006 to 31.3.2009. The approved apportioned cost has been indicated by the petitioner as zero, with an explanation that “cost component of these bays were inadvertently not considered” in the total estimated approved cost of the transmission system. Since the petitioner has stated that the estimated completion cost of the total system is well within the approved cost, provisional tariff has been allowed on the basis of actual expenditure as on date of commercial operation. The petitioner has indicated equity deployment of Rs. 90.77 lakh as on the date of commercial operation, which is 29.21% of the capital cost. The same has been accepted, being less than 30% (the limit specified in the 2004

regulations). Therefore, return on equity @ 14% would be Rs.12.71 lakh per year and Rs. 5.29 lakh for the year 2006-07 on pro rata basis.

13. The petitioner has claimed depreciation of Rs. 11.53 lakh (3.71% of the capital cost of Rs. 310.77 lakh) per year, 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, ie, 8.15% for the years 2006-09. Interest on loan component on the average loan amounts for the years 2006-07, 2007-08 and 2008-09 works out to Rs.7.39 lakh, Rs. 17.07 lakh and Rs.16.13 lakh respectively. No advance against depreciation has been claimed by the petitioner and allowed by us.

14. O & M expenses have been claimed for two (2) 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.

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

(Rs. in lakh)

	400 kV S/C Dadri-Panipat transmission line with associated bays			Two Nos. 220 kV bays at Abdullapur sub-station		
	2006-07	2007-08	2008-09	2006-07 (Pro-rata)	2007-08	2008-09
Return on equity	213.26	213.26	213.26	5.29	12.71	12.71
Depreciation	149.70	149.70	149.70	4.80	11.53	11.53
Advance against depreciation	0.00	0.00	0.00	0.00	0.00	0.00
Interest on loan	283.69	273.18	263.00	7.39	17.07	16.13
O & M expenses	89.54	93.01	96.83	25.35	63.26	65.80
Interest on working capital	19.31	19.56	19.85	1.10	2.70	2.77
Total	755.50	748.71	742.64	43.93	107.27	108.94

16. This disposes of the I.A.

17. The representative of the petitioner stated that audited accounts in respect of 220 kV bays at Abdullapur sub-station were not available. It was prayed on its behalf that final tariff in respect of this asset would be claimed separately while making application for approval of final tariff in respect of the two left out assets, as per para 3 above. Thus, in terms of the prayer made at the hearing, approval of final transmission tariff in the present petition shall be restricted to the following four assets, namely:

S.No.	Name of Assets
1.	400 kV D/C Rihand-Allahabad-Mainpuri-Ballabgarh transmission lines with associated bays
2.	ICT-I at Patiala sub-station, LILO of Nalagarh-Hissar transmission line at Kaithal, 400 kV S/C Patiala-Malerkotla transmission line & ICT-III at Abdullapur sub-station with associated bays
3.	ICT-II at Patiala sub-station and LILO of one ckt of Nalagarh-Hissar transmission line at Patiala sub-station with associated bays
4.	400 kV S/C Dadri-Panipat transmission line with associated bays

18. Issue notice to the respondents for hearing on main petition on 28.6.2007.

**sd/
(RAKESH NATH)
MEMBER**

**sd/
(BHANU BHUSHAN)
MEMBER**

New Delhi dated the 22nd May 2007