

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

Petition No. 106/2007

In the matter of

Determination of provisional transmission tariff for Bina-Gwalior 765 kV S/C transmission line along with bay extensions at Bina and Gwalior under transmission system associated with SIPAT II from 1.4.2007 to 31.3.2009.

And in the matter of

Power Grid Corporation of India Limited

..Petitioner

Vs

1. Madhya Pradesh Power Transmission Company Ltd.
2. Maharashtra State Electricity Distribution Company Ltd., Mumbai
3. Gujarat Urja Vikas Nigam Ltd., Baroda
4. Electricity Deptt., Government of Goa, Panaji
5. Electricity Deptt., Administration of Daman & Diu, Daman
6. Electricity Deptt., Administration of Dadra Nagar Haveli, Silvassa
7. Chhattisgarh State Electricity Board, Raipur
8. Madhya Pradesh Audyogik Kandra Vikas Nigam (Indore) Ltd, Indore
9. NTPC Limited

.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

**ORDER
(DATE OF HEARING: 18.9.2007)**

The application has been made for approval of provisional transmission tariff for Bina-Gwalior 765 kV S/C transmission line (the transmission line) along with bay extensions at Bina and Gwalior under transmission system associated with SIPAT II Power Project (the transmission system) in Western Region from 1.4.2007 to 31.3.2009.

2. The investment approval for the transmission system was accorded by Ministry of Power vide its letter dated 23.8.2004 at an estimated cost of Rs. 60190 lakh, which

includes IDC of Rs. 4199 lakh. The apportioned approved cost of the transmission line which is part of the transmission system has been indicated as Rs. 28620.89 lakh. The transmission line has been declared under commercial operation w.e.f. 1.4.2007.

3. The details of capital expenditure submitted by the petitioner as per affidavit dated 17.8.2007 are as follows:

(Rs. in lakh)	
Expenditure up to 31.3.2007 (audited)	29668.65
Balance estimated expenditure	9886.67
Total	39555.32

4. The petitioner has claimed the following transmission charges, based on the capital cost of Rs. 29669 lakh as on the date of commercial operation:

(Rs. in lakh)	
Period	Transmission Charges
2007-08(Pro rata)	4039.56
2008-09	3978.44

5. The petition has been heard after notice to the respondents. Madhya Pradesh Power Trading Company Limited 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

6. The actual expenditure of Rs. 29669 lakh as on the date of commercial operation has been claimed by the petitioner as the base for determination of provisional transmission tariff. However, since the apportioned approved cost of Rs. 28620.89 lakh is less than the actual expenditure on the date of commercial operation, the former cost has been considered for the purpose of tariff.

7. The petitioner has indicated equity deployment of Rs. 8904.65 lakh as on the date of commercial operation. However, we have considered equity of Rs. 8586.27 lakh, which is 30% of the capital cost of Rs. 28620.89 lakh considered (the limit specified in the 2004 regulations). Therefore, the return on equity @ 14% would be Rs. 1202.08 lakh each year 2007-08 and 2008-09.

8. The petitioner has claimed depreciation of Rs.779.68 lakh (2.63% of the capital cost of Rs. 29669 lakh) per year. We have allowed depreciation @ Rs. 752.15 lakh each year, corresponding to the capital cost considered. 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 8.69%. Interest on loan component on the average loan amounts for the years 2007-08 and 2008-09 works out to Rs.1707.82 lakh and Rs.1642.70 lakh respectively. No Advance Against Depreciation has been considered by us while working out the provisional tariff.

9. O & M expenses have been claimed for 234.931 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.

10. 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	1202.08	1202.08
Depreciation	752.15	752.15
Advance against depreciation	0.00	0.00
Interest on loan	1707.82	1642.70
O & M expenses	123.17	128.29
Interest on working capital	115.97	116.92
Total	3901.18	3842.13

11. 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.

12. 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.

13. 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.

14. Accordingly, the petition stands disposed of.

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

New Delhi dated the 19th September 2007

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