

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram:**

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

**Petition No. 110/2007**

**In the matter of**

Determination of provisional transmission tariff for LILO of 400 kV Satna-Bina Ckt-I & II at Bina (Power Grid) along with associated bays under Vindhyachal Stage-III transmission system in Western Region for the period 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

**.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 B.C. Pant, PGCIL
5. Ms. Hemlata Vyas, PGCIL
6. Shri C.Kannan, PGCIL

**ORDER**

**(DATE OF HEARING: 18.10.2007)**

The application has been made for approval of provisional transmission tariff for LILO of 400 kV Satna-Bina Ckt-I & II at Bina (Power Grid) (the transmission line) along with associated bays under Vindhyachal Stage-III transmission system (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 23.7.2004 at an estimated cost of Rs. 59647 lakh, which

includes IDC of Rs. 5289 lakh. The apportioned approved cost of the transmission line which is part of the transmission system has been indicated as Rs. 3466.83 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 are as follows:

(Rs. in lakh)	
Expenditure up to 31.3.2007 (audited)	2475.00
Balance estimated expenditure	996.76
<b>Total</b>	<b>3471.76</b>

4. The petitioner has claimed the following transmission charges, based on the capital cost of Rs. 2475.00 lakh as on the date of commercial operation:

(Rs. in lakh)	
Period	Transmission Charges
2007-08	475.26
2008-09	473.23

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. 2475 lakh as on the date of commercial operation has been claimed by the petitioner as the base for determination of provisional transmission tariff.

7. The petitioner has indicated equity deployment of Rs. 742.50 lakh as on the date of commercial operation, which is 30% of the capital cost of Rs. 2475 lakh

considered (the limit specified in the 2004 regulations). Therefore, the return on equity @ 14% would be Rs. 103.95 lakh each year 2007-08 and 2008-09.

8. The petitioner has claimed depreciation of Rs. 85.23 lakh (3.44% of the capital cost of Rs. 2475 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, that is, 8.59%. Interest on loan component on the average loan amounts for the years 2007-08 and 2008-09 works out to Rs. 145.12 lakh and Rs.137.80 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 1.484 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.

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

	(Rs. in lakh)	
	<b>2007-08</b>	<b>2008-09</b>
Return on equity	103.95	103.95
Depreciation	85.23	85.23
Advance against depreciation	0.00	0.00
Interest on loan	145.12	137.80
O & M expenses	126.90	131.99
Interest on working capital	14.03	14.22
<b>Total</b>	<b>475.23</b>	<b>473.20</b>

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 31.6.2008.

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 18<sup>th</sup> October 2007

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