

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

Petition No. 111/2007

In the matter of

Determination of provisional transmission tariff for 400 kV S/C Vindhyachal-Korba ckt-II along with associated bays equipment at Vindhyachal and Korba switch yards in Western Region 1.6.2007 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 400 kV S/C Vindhyachal-Korba ckt-II line along with associated bays equipment at Vindhyachal and Korba switch yards (the transmission line) in Western Region from 1.6.2007 to 31.3.2009.

2. The investment approval for the transmission line was accorded by Board of Directors of the petitioner company vide Memorandum dated 19.2.2004 at an

estimated cost of Rs.16402 lakh, which included IDC of Rs. 878 lakh. The transmission line was to be completed by February 2007. Subsequently, approval for the revised cost estimate was accorded by Board of Directors of the petitioner company vide letter dated 10.7.2007 for an estimated cost of Rs. 21253 lakh, which included IDC of Rs. 1447 lakh. The transmission line has been declared under commercial operation w.e.f. 1.6.2007, that is, with a delay of 3 months. The petitioner has explained that the delay in completion was due to tree cuttings by the forest authorities which was in substantial number in the entire corridor in the north Surguja forest stretch. The petitioner has submitted that the reasons for delay were beyond its control.

3. The details of capital expenditure submitted by the petitioner are as follows:

(Rs. in lakh)	
Expenditure up to 31.3.2007 (audited)	17226.90
Expenditure from 1.4.2007 to 31.5.2007	320.20
Balance estimated expenditure	2225.20
Total	19772.30

4. The petitioner has claimed the following transmission charges based on the capital cost of Rs.17547.10 lakh as on the date of commercial operation:

(Rs.in lakh)	
Period	Transmission Charges
2007-08 (Pro rata)	1961.40
2008-09	2326.77

5. The expenditure up to 31.3.2007 has been verified from the audited statement of accounts for the year 2006-07. For the period from 1.4.2007 to 31.5.2007 the expenditure indicated is based on books of accounts, which is yet to be audited.

6. The petition has been heard after notice to the respondents. None has appeared.

7. MPPTCL and MSEDCL in their replies 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 and these issues will be examined then.

Capital cost

6. The actual expenditure of Rs. 17547.10 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. 5264.10 lakh as on the date of commercial operation, which is 30% of the capital cost of Rs. 17547.10 lakh (the limit specified in the 2004 regulations). Therefore, return on equity @ 14% would be Rs. 614.15 lakh for the year 2007-08 on the pro rata basis and Rs. 736.97 lakh for the year 2008-09.

8. The petitioner has claimed depreciation of Rs.391.35 lakh (2.68% of the capital cost of Rs. 17547.10 lakh) for the year 2007-08 (pro rata) and Rs. 469.62 lakh for the 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, that is, 7.77%. Interest on loan component on the average loan amounts for the years 2007-08 and 2008-09 works out to Rs. 782.66 lakh (pro rata) and Rs.905.97 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 288.994 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	614.15	736.97
Depreciation	391.35	469.62
Advance against depreciation	0.00	0.00
Interest on loan	782.66	905.97
O & M expenses	114.13	142.87
Interest on working capital	59.12	71.53
Total	1961.41	2326.77

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.

14. Accordingly, the petition stands disposed of.

**Sd-/
(R.KRISHNAMOORTHY)
MEMBER
New Delhi dated the 18th October 2007**

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