

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

Petition No. 104/2007

In the matter of

Determination of provisional transmission tariff for Agra-Gwalior 765 kV S/C transmission line along with 400 kV Agra (PGCIL) switching station extension and 400/220 kV Gwalior (PGCIL) sub-station extension under Kahalgaon Stage-II Phase-I transmission system in Western Region and Northern Region 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. Himachal Pradesh State Electricity Board, Shimla
10. Rajasthan Power Procurement Centre, Jaipur
11. Jaipur Vidyut Vitaran Nigam Ltd., Jaipur
12. Ajmer Vidyut Vitaran Nigam Ltd., Ajmer
13. Jodhpur Vidyut Vitaran Nigam Ltd., Jodhpur
14. Punjab State Electricity Board, Patiala
15. Haryana Vidyut Prasaran Nigam Ltd., Panchkula
16. Power Development Department, Govt. of J&K, Jammu
17. Uttar Pradesh Power Corporation Ltd., Lucknow
18. Delhi Transco Limited, New Delhi
19. BSES Yamuna Power Ltd., Delhi
20. BSES Tajdhani Power Ltd., Delhi
21. North Delhi Power Limited, New Delhi
22. Chandigarh Administration, Chandigarh
23. Uttranchal Power Corporation, Dehradun
24. 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 B.C. Pant, PGCIL
5. Ms. Hemlata Vyas, PGCIL
6. Shri C.Kannan, PGCIL
7. Shri R.K.Arora, HPGCL

8. Shri R.S.Bhatti, HPGCL
9. Shri T.P.S. Bawa, OSD, PSEB

ORDER
(DATE OF HEARING: 18.10.2007)

The application has been made for approval of provisional transmission tariff for Agra-Gwalior 765 kV S/C transmission line along with 400 kV Agra (PGCIL) switching station extension and 400/220 kV Gwalior (PGCIL) sub-station extension (the transmission asset) under Kahalgaon Stage-II Phase-I transmission system (the transmission system) in Western Region and Northern 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 12.10.2004 at an estimated cost of Rs. 177193 lakh, which includes IDC of Rs. 8618 lakh. The apportioned approved cost of the transmission asset which is part of the transmission system has been indicated as Rs. 13501 lakh. The transmission asset 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)	17732.02
Balance estimated expenditure	2675.32
Total	20407.34

4. The petitioner has claimed the following transmission charges, based on the capital cost of Rs. 17732.02 lakh as on the date of commercial operation:

(Rs. in lakh)	
Period	Transmission Charges
2007-08	2488.04
2008-09	2450.34

5. The petition has been heard after notice to the respondents. Madhya Pradesh Power Trading Company Limited, Jaipur Vidyut Vitran Nigam Ltd., Jodhpur Vidyut

Vitran Nigam Ltd., Ajmer Vidyut Vitran Nigam Ltd., UPPCL and MSEDCL in their replies have 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. 17732.02 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. 13501.00 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. 5318.02 lakh as on the date of commercial operation which is 29.99% of the actual capital expenditure of Rs. 17732.02 lakh. However, we have considered equity of Rs. 4049.09 lakh corresponding to 29.99% of the capital cost of Rs. 13501 lakh considered. Therefore, the return on equity @ 14% would be Rs. 566.87 lakh each year 2007-08 and 2008-09.

8. The petitioner has claimed depreciation of Rs.463.34 lakh (2.61% of the capital cost of Rs. 17732.02 lakh) per year. However, we have allowed depreciation of Rs. 352.78 lakh also corresponding to the capital cost of Rs. 13501 lakh 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 9.11%. Interest on loan component on the average loan amounts for the years 2007-08 and 2008-09 works out to Rs.845.45 lakh and Rs.813.30 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 129.435 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	2008-09
Return on equity	566.87	566.87
Depreciation	352.78	352.78
Advance against depreciation	0.00	0.00
Interest on loan	845.45	813.30
O & M expenses	96.27	100.23
Interest on working capital	56.68	57.15
Total	1918.05	1890.33

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 22nd October 2007

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