

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

Petition No. 62/2007

In the matter of

Determination of provisional transmission tariff for 400 kV S/C Dulhasti-Kishenpur transmission and 400 kV D/C Kishenpur-Wagoora transmission line in Northern Region for the 2004-09 block.

And in the matter of

Power Grid Corporation of India Limited, Gurgaon
Vs

..Petitioner

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 Rakesh Prasad, PGCIL
6. Shri C.Kannan, PGCIL
7. Shri T.P.S.Bawa, PSEB
8. Shri A.S.Chauhan, JVVNL
9. Shri T.C.Nigolya, AVVNL
10. Shri S.N.Singh, UPPCL
11. Shri R.K.Arora, HPGCL

**ORDER
(DATE OF HEARING: 28.6.2007)**

The application has been made for approval of provisional transmission charges for (i) 400 kV S/C Dulhasti-Kishenpur transmission line with associated bays, and (ii) 400 kV D/C Kishenpur-Wagoora transmission line along with associated bays at Kishenpur and Wagoora sub-station (the transmission lines) under Dulhasti combined transmission system (the transmission system) in Northern Region for the period from the date of commercial operation to 31.3.2009, based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 (the 2004 regulations).

2. The investment approval for the transmission system was accorded by Ministry of Power vide its letter dated 2.7.2002 at an estimated cost of Rs. 56705 lakh, which includes IDC of Rs. 14204 lakh.

3. The date of commissioning of the transmission lines, their apportioned approved cost and actual cost as on date of commercial operation, as given by the petitioner are as hereunder:

S. No	Name of Asset	Date of commercial operation	Apportioned approved cost (Rs. in lakh)	Actual cost as on date of commercial operation (Rs. in lakh)
1.	400 kV S/C Dulhasti-Kishenpur transmission line with associated bays at Kishenpur sub-station	1.4.2007	16386.34	18446.46
2.	400 kV D/C Kishenpur- Wagoora transmission line along with associated bays at Kishenpur and Wagoora sub-station	1.11.2006	34982.82	27243.80
	Total		51369.16	45511.68

4. The further details of capital expenditure submitted by the petitioner are as under:

400 kV S/C Dulhasti-Kishenpur transmission line with associated bays at Kishenpur sub-station

(Rs. in lakh)

Expenditure up to 1.4.2000 (that is up to date of completion and capitalization)	14301.24
Expenditure from 1.4.2000 to 31.3.2001	0.00
Expenditure from 1.4.2001 to 31.3.2002	52.76
Sub-total (A)	14354.00
IEDC/IDC Expenses from 1.4.2000 to 31.3.2006	3738.45
IEDC/IDC Expenses from 1.4.2006 to 31.3.2007	354.01
Sub-total (B)	4092.46
Total	18446.46

400 kV D/C Kishenpur- Wagoora transmission line along with associated bays at Kishenpur and Wagoora sub-station

	(Rs.in lakh)
Expenditure up to 31.3.2006 (audited)	24752.91
Expenditure from 1.4.2006 31.10.2006	2490.89
Balance estimated expenditure	3216.22
	30460.02

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

		(Rs. in lakh)
Period	400 kV S/C Dulhasti-Kishenpur transmission line with associated bays at Kishenpur sub-station	400 kV D/C Kishenpur-Wagoora transmission line along with associated bays at Kishenpur and Wagoora sub-station
2006-07 (Pro-rata)	-	1393.07
2007-08	2878.64	3354.64
2008-09	2721.42	3634.02

6. In case of 400 kV S/C Dulhasti-Kishenpur transmission line, expenditure up to 31.3.2002 are duly audited. In respect of the other transmission line, the expenditure up to 31.3.2006 has been verified from audited statement of accounts. For the period from 1.4.2006 to the date of commercial operation, the expenditure indicated is based on books of accounts, which is yet to be audited.

7. The petition has been heard after notice to the respondents. Uttar Pradesh Power Corporation Limited, Jodhpur Vidyut Vitran Nigam Limited, Jaipur Vidyut Vitran

Nigam Limited and Ajmer Vidyut Vitran Nigam Limited in their reply 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

8. 400 kV S/C Dulhasti-Kishenpur transmission line with associated bays at Kishenpur sub-station was ready on 1.4.2000 but could not be put under commercial operation because of the delay in the commissioning of the generating units of Dulhasti Hydroelectric Project. Therefore, the petitioner has been allowed to capitalize the amount of Rs. 4092.46 lakh on account of IDC/IEDC from 1.4.2000 to 31.3.2007 towards the completed cost of the transmission line. Accordingly, for this the provisional tariff has been computed based on the gross block of Rs. 18446.46 lakh as claimed. For the other transmission line, the capital cost of Rs. 27243.80 lakh as on the date of commercial operation has been considered. In this manner, the total capital cost of Rs. 45690.26 lakh considered for the transmission lines is within their total apportioned approved cost of Rs. 51369.16 lakh.

400 kV S/C Dulhasti-Kishenpur transmission line with associated bays at Kishenpur sub-station

9. The capital cost of Rs. 18446.46 lakh as on the date of commercial operation has been considered. The petitioner has indicated equity deployment of Rs.7237.98 lakh as on the date of commercial operation. The same has been accepted in view of the explanation on Form-6 of the petition. Therefore, return on equity @ 14% would be Rs.1013.32 lakh for the years 2007-08 and 2008-09.

10. The petitioner has claimed depreciation of Rs. 473.96 lakh (2.5694% of the capital cost of Rs. 18446.46 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, 8.86% and 8.80% for the years 2007-08 and 2008-09 respectively. Interest on loan component on the average loan amounts for the years 2007-08 and 2008-09 works out to Rs.972.07 lakh and Rs.923.78 lakh respectively. No advance against depreciation has been allowed by us in provisional tariff calculation.

11. O & M expenses have been claimed for 119.77 ckt kms and one (1) bay at the rates specified in the 2004 regulations, and are in order. Interest on working capital has been calculated as per the 2004 regulations.

400 kV Kishenpur-Wagoora transmission line along with associated bays at Kishenpur and Wagoora sub-station

12. The actual expenditure of Rs.27243.80 lakh as on the date of commercial operation has been claimed by the petitioner as the base for determination of provisional transmission tariff. As already noted, the actual expenditure is less than the apportioned approved cost. The petitioner has indicated equity deployment of Rs.4969.80 lakh as on the date of commercial operation, which is 18% of the capital cost. The same has been accepted. Therefore, return on equity @ 14% would be Rs 695.77 lakh for years 2007-08 and 2008-09 and Rs.289.91 lakh for the year 2006-07 on pro rata basis.

13. The petitioner has claimed depreciation of Rs. 708.38 lakh (2.60% of the capital cost of Rs. 27243.80 lakh) per year, which is provisionally accepted. Accordingly, depreciation for the year 2006-07 works out to Rs. 295.16 lakh (pro rata) and Rs. 708.38 lakh for full years 2007-08 and 2008-09. 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, 7.35% for the years 2006-07 and 2007-08 and 7.36% for the year 2008-09. Interest on loan component on the average loan amounts for the years 2006-07, 2007-08 and 2008-09 works out to Rs.677.62 lakh, Rs. 1589.41 lakh and Rs.1539.44 lakh respectively. No advance against depreciation has been allowed by us in the provisional tariff calculation.

14. O & M expenses have been claimed for 365.13 ckt kms and five (5) bay at the rates specified in the 2004 regulations, and are in order. Interest on working capital has been calculated as per the 2004 regulations.

Summary

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

(Rs. in lakh)

	400 kV S/C Dulhasti-Kishenpur transmission line with associated bays at Kishenpur sub-station		400 kV D/C Kishenpur-Wagoora transmission line along with associated bays at Kishenpur and Wagoora sub-station		
	2007-08	2008-09	2006-07 (Pro-rata)	2007-08	2008-09
Return on equity	1013.32	1013.32	289.91	695.77	695.77
Depreciation	473.96	473.96	295.16	708.38	708.38
Advance against depreciation	0.00	0.00	0.00	0.00	0.00
Interest on loan	972.07	923.78	677.62	1589.41	1539.44
O & M expenses	62.17	64.76	100.80	251.26	261.62
Interest on working capital	76.27	76.73	36.41	87.70	88.85
Total	2597.79	2552.55	1399.90	3332.52	3294.06

16. We allow transmission charges tabulated above for the transmission assets, on provisional basis from the date of commercial operation of the respective asset, subject to adjustment after determination of final tariff.

17. The petitioner shall file a fresh petition for approval of final tariff in accordance with the Commission's regulations on the subject, latest by 31.10.2007.

18. 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.

Sd/-
(R.KRISHNAMOORTHY)
MEMBER
New Delhi dated the 16th July 2007

sd/-
(BHANU BHUSHAN)
MEMBER