

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

Petition No. 165/2007

In the matter of

Determination of provisional transmission tariff for LILO of 400 kV S/C Lucknow -Moradabad transmission line at Bareilly (Power Grid) along with associated bays under Northern Region system strengthening scheme-I in Northern Region for tariff block 2004-09 period.

And in the matter of

Power Grid Corporation of India Limited, Gurgaon

..Petitioner

Vs

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 Power Generation Corporation 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. BSES Yamuna Power Ltd., Delhi
12. BSES Rajdhani Power Ltd., New Delhi
13. North Delhi Power Ltd., New Delhi
14. Chief Engineer, Chandigarh Administration, Chandigarh
15. Uttaranchal Power Corporation Ltd, Dehradun
16. North Central Railway, Allahabad

.....Respondents

The following were present:

1. Shri V.V.Sharma PGCIL
2. Shri U.K. Tyagi, PGCIL
3. Shri M.M.Mondal, PGCIL
4. Shri Prashant Sharma, PGCIL
5. Shri A.K.Nagpal, PGCIL
6. Shri C.Kannan, PGCIL
7. Shri S.N.Singh, UPPCL

**ORDER
(DATE OF HEARING: 20.2.2008)**

The application has been made for approval of provisional transmission charges for LILO of 400 kV S/C Lucknow -Moradabad transmission line at Bareilly

(Power Grid) along with associated bays (the transmission asset) under Northern Region System Strengthening Scheme-I (the transmission scheme) for the period from 1.9.2007 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 scheme was accorded by Board of Directors of the petitioner company vide Memorandum dated 25.2.2004 at an estimated cost of Rs.27180 lakh, which included IDC of Rs. 1421 lakh. The apportioned approved cost of the transmission asset has been indicated as Rs. 2845.96 lakh. The transmission asset has been declared under commercial operation w.e.f. 1.9.2007. As per the investment approval, the transmission scheme was scheduled to be commissioned by July 2007. Thus, there is delay of about one month in the commissioning.

3. There is cost over-run. In this regard, the petitioner has explained that the cost over-run is mainly on account of increase in line length from 36 Ckt km to 43.46 Ckt km, higher award rates as compared to estimated rates and difference due to PV amount. This issue will be considered at the time of approval of final tariff.

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

| (Rs. in lakh) | |
|--|----------------|
| Expenditure up to 31.3.2007 (Audited) | 3450.01 |
| Expenditure from 1.4.2007 to 31.8.2007 | 154.27 |
| Balance estimated expenditure | 656.11 |
| Total | 4260.39 |

5. The petitioner has claimed the following transmission charges based on the capital cost of Rs. 3604.28 lakh as on the date of commercial operation:

| (Rs. in lakh) | |
|--------------------|----------------------|
| Period | Transmission Charges |
| 2007-08 (Pro rata) | 321.81 |
| 2008-09 | 548.04 |

6. The expenditure up to 31.3.2007 has been verified from audited statement of accounts. For the period from 1.4.2007 to 31.8.2007 the expenditure indicated is based on books of accounts.

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.

8. The actual expenditure of Rs. 3604.28 lakh as on the date of commercial operation has been claimed by the petitioner as the base for determination of provisional transmission tariff. However, in our calculation, we have considered the apportioned approved capital cost of Rs. 2845.96 lakh.

9. The petitioner has indicated equity deployment of Rs. 1081.28 lakh as on the date of commercial operation, which is 30.00% of the capital cost considered by it. However, we have considered equity of Rs. 853.78 lakh corresponding to 30% (approx) of the apportioned approved capital cost of Rs. 2845.96 lakh considered. Therefore, the return on equity @ 14% would be Rs.69.73 lakh for the year 2007-08 on pro rata basis and Rs. 119.53 lakh for the year 2008-09.

10. The petitioner has claimed depreciation of Rs. 60.21 lakh (2.86% of the capital cost of Rs.3604.28 lakh) for the year 2007-08 (pro rata) and Rs.103.21 lakh for year 2008-09. However, we have allowed depreciation of Rs. 47.54 lakh for the year 2007-

08 (pro rata) and Rs. 81.50 lakh for the year 2008-09 also corresponding to the capital cost of Rs. 2845.96 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. 8.28% for each year. Interest on loan component on the average loan amounts for the years 2007-08 and 2008-09 works out to Rs.95.03 lakh (pro rata), Rs. 157.56 lakh, respectively. No Advance Against Depreciation has been considered by us while working out the provisional tariff.

11. O & M expenses have been claimed for 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.

12. 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 | 69.73 | 119.53 |
| Depreciation | 47.54 | 81.50 |
| Advance against depreciation | 0.00 | 0.00 |
| Interest on loan | 95.03 | 157.56 |
| O & M expenses | 43.37 | 77.36 |
| Interest on working capital | 7.86 | 13.58 |
| Total | 263.51 | 449.52 |

13. 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.

14. The petitioner shall file a fresh petition for approval of final tariff in accordance with the Commission's regulations on the subject, latest by 31.10.2008.

15. 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 2007-08.

16. Accordingly, the petition stands disposed of.

Sd/-
(R.KRISHNAMOORTHY)
MEMBER
New Delhi dated the 20th February 2008

sd/-
(BHANU BHUSHAN)
MEMBER