

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

Petition No. 166/2007

In the matter of

Determination of provisional transmission tariff for (i) 400 kV Balia-Lucknow Ckt-I & II, 400 kV Balia-Mau Ckt-I, 400 kV D/C Patna-Balia transmission line including associated bays at Patna & Balia (ii) 400 kV Balia-Mau Ckt-II, 40% FSC at Lucknow on 400 kV D/C Lucknow-Balia transmission line (iii) 80 MVAR Bus Reactor at Biharsharif sub-station (iv) 400 kV Lucknow-Bareilly Ckt-I & II along with associated bays under Kahalgaon Stage II Phase I Transmission System in Northern Region for the period 2004-09.

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 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. 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
8. Shri Bharat Sharma, NDPL

ORDER
(DATE OF HEARING: 20.2.2008)

The application has been made for approval of provisional transmission charges for (i) 400 kV Balia-Lucknow Ckt-I & II, 400 kV Balia-Mau Ckt-I, 400 kV D/C Patna-Balia transmission line including associated bays at Patna & Balia, (ii) 400 kV Balia-Mau Ckt-II, 40% FSC at Lucknow on 400 kV D/C Lucknow-Balia transmission line (iii) 80 MVAR Bus Reactor at Biharshariff sub-station, and (iv) 400 kV Lucknow-Bareilly Ckt-I & II along with associated bays (the transmission assets) under Kahalgaon Stage II Phase I Transmission System (the transmission system) in Northern Region for the period from the date of commercial operation of the respective asset 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 12.10.2004 at an estimated cost of Rs. 177193 lakh, which includes IDC of Rs. 8618 lakh.

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

S. No	Name of Asset	Date of commercial operation	Apportioned approved cost (Rs. in lakh)	Capital cost as on date of commercial operation (Rs. in lakh)
1.	400 kV Balia-Lucknow Ckt-I & II, 400 kV Balia-Mau Ckt-I, 400 kV D/C Patna-Balia transmission line including associated bays at Patna & Balia [Transmission Asset I]	1.5.2007	45931.99	69870.59
2.	400 kV Balia-Mau Ckt-II, 40% FSC at Lucknow on 400 kV D/C Lucknow-Balia transmission line	1.6.2007	4898.91	4376.64

	[Transmission Asset II]			
	80 MVAR Bus Reactor at Biharshariff sub-station	1.7.2007	728.00	777.71
	[Transmission Asset III]			
	400 kV Lucknow-Bareilly Ckt-I & II along with associated bays	1.8.2007	19369.77	26493.09
	[Transmission Asset IV]			
	Total		70928.67	101518.03

4. 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 the date of commercial operation of the respective transmission asset, the expenditure indicated is based on books of accounts, yet to be audited.

5. The petition has been heard after notice to the respondents. UP Power Corporation 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 addressed 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.

6. 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 asset:

(Rs. in lakh)				
Period	Transmission Asset I	Transmission Asset II	Transmission Asset III	Transmission Asset IV
2007-08 (Pro-rata)	9079.67	627.82	106.81	2523.81
2008-09	9772.21	746.41	141.62	3719.05

7. In respect of the Transmission Assets I, III and IV, the capital expenditure on the date of commercial operation exceeds the apportioned approved cost. Therefore,

for the purpose of tariff, we have considered the apportioned approved cost as per para 3 above. In respect of the Transmission Asset II, the capital expenditure as on date of commercial operation is less than the apportioned approved cost. Therefore for this asset, for the purpose of tariff, we have considered the capital expenditure as on the date of commercial operation. The petitioner's claim for the transmission charges, except O & M charges, have been proportionately reduced, except in case of the Transmission Asset-II. However, O & M charges have been allowed as claimed in respect of all the transmission assets as they are independent of the capital cost.

8. The details of capital cost, equity and loan claimed by the petitioner and considered for the purpose of provisional transmission tariff are as follows:

(Rs. in lakh)

		Transmission Asset I	Transmission Asset II	Transmission asset III	Transmission Asset IV
Capital cost	Claimed	69870.59	4376.64	777.71	26493.09
	Allowed	45931.99	4376.64	728.00	19369.77
Equity	Claimed	20965.59	1313.64	233.71	7950.09
	Allowed	13782.50	1313.64	218.77	5812.51
Loan	Claimed	48905.00	3063.00	544.00	18543.00
	Allowed	32149.49	3063.00	509.23	13557.26

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

(Rs. in lakh)

	Transmission Asset III		Transmission Asset III		Transmission Asset III		Transmission Asset III	
	2007-08 (Pro-rata)	2008-09	2007-08 (Pro-rata)	2008-09	2007-08 (Pro-rata)	2008-09	2007-08 (Pro-rata)	2008-09
Return on equity	1768.75	1929.55	153.26	183.91	22.97	30.63	542.50	813.75
Depreciation	1116.39	1217.88	125.54	150.65	19.66	26.21	345.71	518.57
Advance against depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest on loan	2557.50	2685.35	223.27	255.59	32.22	40.98	761.48	1084.69
O & M expenses	531.21	603.56	107.37	134.03	23.72	32.90	192.30	300.43
Interest on working capital	182.70	201.04	18.38	22.24	2.98	4.02	56.54	84.96
Total	6156.55	6637.37	627.82	746.41	101.55	134.74	1898.54	2802.39

10. 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.

11. The petitioner shall file a fresh petition for approval of final tariff in accordance with the 2004 regulations on the subject, latest by 31.10.2008.

12. 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.

Sd/-
(R.KRISHNAMOORTHY)
MEMBER
New Delhi dated the 29th February 2008

sd/-
(BHANU BHUSHAN)
MEMBER