

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram:**

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

**Petition No. 2/2008**

**In the matter of**

Determination of provisional transmission tariff for upgradation of transfer capacity of Talcher-Kolar HVDC Bipole for the period from 1.8.2007 to 31.3.2009.

**And in the matter of**

, Power Grid Corporation of India Limited Gurgaon  
Vs

**..Petitioner**

1. Karnataka Power Transmission Corporation Limited, Bangalore
  2. Transmission Corporation of Andhra Pradesh Ltd., Hyderabad
  3. Kerala State Electricity Board, Thiruvananthapuram
  4. Tamil Nadu Electricity Board, Chennai
  5. Electricity Department, Govt. of Pondicherry, Pondicherry
- .....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 Rakesh Prasad, PGCIL
6. Shri C.Kannan, PGCIL
7. Shri B.C.Pant, PGCIL

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

The application has been made for approval of provisional transmission charges for upgradation of transfer capacity of Talcher-Kolar HVDC Bipole (the upgradation scheme) in Southern Region for the period from 1.8.2007 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 upgradation scheme was accorded by Board of Directors of the petitioner company vide Memorandum dated 20.7.2005 at an

estimated cost of Rs. 11833 lakh, which included IDC of Rs. 704 lakh. The upgradation scheme has been implemented w.e.f. 1.8.2007.

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

(Rs. in lakh)	
Expenditure up to 31.3.2007 (Audited)	2599.77
Expenditure from 1.4.2007 to 31.3.2007	4783.45
Balance estimated expenditure	2259.09
Total	<b>9642.31</b>

4. The expenditure up to 31.3.2007 has been verified from audited statement of accounts for the year 2006-07. For the period from 1.4.2007 to 31.7.2007 the expenditure indicated is based on books of accounts, which is yet to be audited.

5. The petition has been heard after notice to the respondents. Tamil Nadu Electricity Board 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 transmission charges based on the capital cost of Rs. 7383.22 lakh as on the date of commercial operation:

(Rs. in lakh)	
Period	Transmission Charges
2007-08 (Pro rata)	847.86
2008-09	1249.90

7. The actual expenditure of Rs. 7383.22 lakh as on the date of commercial operation has been claimed by the petitioner as the base for determination of provisional transmission tariff, which has been considered.

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)

Capital cost	Claimed	7383.22
	Allowed	7383.22
Equity	Claimed	2212.22
	Allowed	2212.22
Loan	Claimed	5171.00
	Allowed	5171.00

9. Based on the above, the provisional annual transmission charges are determined as follows in accordance with the 2004 regulations:

(Rs. in lakh)

	2007-08 (Pro rata)	2008-09
Return on equity	206.47	309.71
Depreciation	177.20	265.80
Advance against depreciation	0.00	0.00
Interest on loan	334.34	473.29
O & M expenses	105.43	164.50
Interest on working capital	24.42	36.60
<b>Total</b>	<b>847.86</b>	<b>1249.90</b>

10. We allow transmission charges tabulated above for the transmission upgradation scheme, on provisional basis from the date of commercial operation 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 Commission's regulations on the subject, latest by 31.10.2008.

12. While making the application for approval of final tariff, the petitioner shall file following information/clarifications :-

- (i) A certificate, duly signed by the Auditors, certifying the loan details, duly reconciled with audited accounts of 2007-08;

- (ii) Clarification in respect of initial spares (Rs. 207.89 lakh) which are 2.16% of the estimated completion cost of the upgradation scheme; and
- (iii) Single line diagram for original and upgraded HVDC System.
- (iv) Continuous and short-time transfer capacity of the Talcher-Kolar HVDC link under different conditions, originally and after upgrading.

13. Accordingly, the petition stands disposed of.

**Sd/-**  
**(R.KRISHNAMOORTHY)**  
**MEMBER**  
New Delhi dated the 26<sup>th</sup> February 2008

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