

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

Petition No. 141/2007

In the matter of

Determination of final transmission tariff of (i) 400 kV Siliguri sub-station (extension) (relevant portion), 400 kV Purnea sub-station (extension) (relevant portion) (excluding 400/220 kV, 315 MVA ICT at Purnea sub-station), 40% Fixed Series Compensation (FSC) and 5% to 15% Thyristor Controlled Series Compensation (TCSC) on each Ckt of Purnea-Muzaffarpur 400 kV D/C line at Purnea (DOCO 1.5.2006), (ii) 400/220 kV, 315 MVA ICT at Purnea sub-station (DOCO 1.6.2006) , (iii) 400/220 kV Muzaffarpur sub-station (New) (Excluding 2no, 400 kV bays at Muzaffarpur with line reactors for Muzaffarpur Gorkhpur line and ICT-II at Muzaffarpur sub-station), 220 kV Muzaffarpur sub-station (BSEB Kanti) Extension (DOCO 1.9.2006) and provisional transmission tariff of 400/220 kV, 315 MVA ICT-II at Muzaffarpur sub-station (DOCO 1.6.2007) associated with Tala HEP, East-North Inter-connector and Northern Region Transmission system from DOCO to 31.3.2009.

And in the matter of

Power Grid Corporation of India Limited, Gurgaon
Vs

..Petitioner

1. Bihar State Electricity Board, Patna
2. West Bengal State Electricity Board, Kolkata
3. Grid Corporation of Orissa Limited, Bhubaneshwar
4. Damodar Valley Corporation, Kolkata
5. Power Department, Govt. of Sikkim, Gangtok
6. Jharkhand State Electricity Board, Ranchi

.....Respondents

The following were present:

1. Shri V.V.Sharma, PGCIL
2. Shri Prashant Sharma, PGCIL
3. Shri B.C.Pant, PGCIL
4. Shri A.K.Nagpal, PGCIL
5. Shri M.G.Ramachandran, Advocate, PGCIL
6. Shri R.B.Sharma, Advocate, BSEB

**ORDER
(DATE OF HEARING: 10.1.2008)**

The application has been made for approval of tariff in respect of the following assets associated with Tala HEP, East-North Inter-connector and Northern Region

Transmission System (the transmission system) in Northern Region from the date of commissioning of the respective asset, as given hereunder, and up to 31.3.2009:

S.No.	Name of Asset	DOCO
1.	400 kV Siliguri sub-station (extension) (relevant portion), 400 kV Purnea sub-station (extension) (relevant portion) (excluding 400/220 kV, 315 MVA ICT at Purnea sub-station), 40% Fixed Series Compensation (FSC) and 5% to 15% Thyristor Controlled Series Compensation (TCSC) on each Ckt of Purnea-Muzaffarpur 400 kV D/C line at Purnea.	1.5.2006
2.	400/220 kV, 315 MVA ICT at Purnea sub-station.	1.6.2006
3.	400/220 kV Muzaffarpur sub-station (New) (Excluding 2no, 400 kV bays at Muzaffarpur with line reactors for Muzaffarpur Gorkhpur line and ICT-II at Muzaffarpur sub-station), 220 kV Muzaffarpur sub-station (BSEB Kanti) Extension.	1.9.2006

2. In this application, the petitioner has also sought approval of provisional tariff in respect of 400/220 kV, 315 MVA ICT-II at Muzaffarpur sub-station, the date of commercial operation of which is 1.6.2007. The present order deals with this asset, hereinafter referred to as “the transmission asset”.

3. The details of capital expenditure submitted by the petitioner of the transmission asset (in respect of which approval of provisional tariff is sought), is as under:

400/220 kV, 315 MVA ICT-II at Muzaffarpur sub-station

	(Rs.in lakh)
Expenditure up to 31.3.2007	1260.23
Expenditure from 1.4.2007 to 31.5.2007	66.29
Balance estimated expenditure	391.00
Total	1717.52

4. The petitioner has claimed the following provisional transmission charges based on the capital cost of Rs. 1326.52 lakh as on the date of commercial operation of the respective asset:

	(Rs. in lakh)
Period	Transmission Charges
2007-08 (pro rata)	192.79
2008-09	231.20

5. The expenditure up to 31.3.2007 has been verified from audited statement of accounts. The expenditure for the period 1.4.2007 onward claimed by the petitioner is based on books of accounts which are yet to be audited.

6. The approved apportioned cost of the transmission assets is stated to be Rs.1810.00 lakh. The petitioner has indicated equity deployment of Rs.398.68 lakh as on the date of commercial operation, which is 30.05% of the capital cost of Rs. 1326.52 lakh. Return on equity @ 14% on the equity deployed would be Rs. 46.51 lakh for the year 2007-08 on the pro rata basis and Rs. 55.81 lakh for the year 2008-09.

7. The petitioner has claimed depreciation of Rs.38.02 lakh (3.44% of the capital cost of Rs. 1326.52 lakh) for the year 2007-08 (pro rata) and Rs. 45.62 lakh for the year 2008-09. Depreciation of Rs. 38.05 lakh and Rs. 45.65 lakh has been considered for the years 2007-08 (Pro rata) and 2008-09 respectively. Loan repayment has notionally been taken to be equal to the depreciation allowed in tariff, and weighted average interest rate of 6.70% has been taken as claimed by the petitioner. Interest on loan component on the average loan amounts for the years 2007-08 and 2008-09 works out to Rs. 49.71 lakh (pro rata) and Rs. 56.85 lakh respectively. No Advance Against Depreciation has been claimed by the petitioner and allowed by us.

8. O & M expenses claimed for two (2) bays at the rates specified in the 2004 regulations are in order and are allowed. Interest on working capital has been calculated as per the 2004 regulations.

9. 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	46.51	55.81
Depreciation	38.05	45.65
Advance against depreciation	0.00	0.00
Interest on loan	49.71	56.85
O & M expenses	52.72	65.80
Interest on working capital	4.86	5.92
Total	191.84	230.03

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

11. The transmission charges shall be shared by the respondents in accordance with the provisions of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulation 2004, as amended from time to time.

12. In the respect of transmission assets, the petitioner shall file a fresh petition for approval of final tariff in accordance with the Commission's regulations, latest by 31.10.2008.

13. Final order in respect of other three transmission assets for which the petitioner has claimed regular tariff will issue separately.

Sd/-
(R.KRISHNAMOORTHY)
MEMBER
New Delhi dated the 16th January 2008

sd/-
(BHANU BHUSHAN)
MEMBER