

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

Petition No.51/2008

In the matter of

Determination of provisional transmission tariff for LILO of 400 kV Lucknow (UPPCL)-Sultanpur (UPPCL) Transmission line at Lucknow (Power Grid) along with associated bays under Northern Region System Strengthening Scheme-I for the period 1.1.2008 to 31.3.2009.

And in the matter of

Power Grid Corporation of India Ltd., 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. BSES Yamuna Power Ltd., Delhi
12. BSES Rajdhani Power Ltd., New Delhi
13. North Delhi Power Limited, 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 P.C.Pankaj, PGCIL
2. Shri V.V.Sharma PGCIL
3. Shri U.K. Tyagi, PGCIL
4. Shri B.C.Pant, PGCIL
5. Mrs. Hemlata Vyas, PGCIL
6. Shri C.Kannan, PGCIL
7. Shri Bharat Sharma, NDPL

**ORDER
(DATE OF HEARING: 22.5.2008)**

The application has been made for approval of provisional transmission charges for LILO of 400 kV Lucknow (UPPCL)-Sultanpur (UPPCL) transmission line at

Lucknow (Power Grid) sub-station along with associated bays (the transmission line) under Northern Region System Strengthening Scheme-I (the transmission scheme) for the period 1.1.2008 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 its letter dated 25.2.2004 at an estimated cost of Rs.27180 lakh, which includes IDC of Rs. 1421 lakh. The apportioned approved cost of the transmission line is Rs. 3693.42 lakh and the date of its commercial operation is 1.1.2008.

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

(Rs. in lakh)	
Expenditure up to 31.3.2007(Audited)	4930.02
Expenditure from 1.4.2007 to 31.12.2007	457.28
Balance estimated expenditure	345.95
Total	5733.25

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 31.12.2007, 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. U. P. Power Corporation Limited and North Delhi Power Limited in their replies 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 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 of Rs. 5387.30 lakh as on the date of commercial operation:

(Rs. in lakh)

Period	Transmission charges
2007-08 (Pro-rata)	203.36
2008-09	811.40

7. The capital expenditure on the date of commercial operation exceeds the apportioned approved cost of the transmission line. Therefore, for the purpose of provisional tariff, we have considered the apportioned approved cost of Rs. 3693.42 lakh. The petitioner's claim for the transmission charges, except O & M charges, have been proportionately reduced. However, O & M charges have been allowed as claimed 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)

Capital cost	Claimed	5387.30
	Allowed	3693.42
Equity	Claimed	1616.30
	Allowed	1108.03
Loan	Claimed	3771.00
	Allowed	2585.39

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

(Rs. in lakh)

	2007-08 (Pro rata)	2008-09
Return on equity	38.78	155.12
Depreciation	25.14 @ 2.72%	100.54 @ 2.72%
Advance Against Depreciation	0.00	0.00
Interest on loan	56.94	223.92
O & M expenses	21.06	87.70
Interest on working capital	4.33	17.43
Total	146.25	584.71

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 31.12.2008.

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.

13. During the hearing, it was observed by the Commission that the cost being incurred on loop-in-loop-out of an existing line appeared to be rather disproportionate in the present case. The petitioner should attempt to plan and carry out transmission system augmentations in a more cost effective manner. It was also observed that the present case involves LILO of an STU-owned line by the petitioner, which would lead to split ownership of two lines. The petitioner was advised to take care that this does not lead to problems in maintenance, coordination and to any disputes in calculation of line availability and incentive.

Sd/-
(R.KRISHNAMOORTHY)
MEMBER
New Delhi dated the 26th May 2008

Sd/-
(BHANU BHUSHAN)
MEMBER