

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

Petition No. 162/2007

In the matter of

Determination of provisional transmission tariff for 400 kV Bina-Nagda D/C transmission line along with bay equipment at Nagda and Bina in Western Region for the period from 1.11.2007 to 31.3.2009.

And in the matter of

Power Grid Corporation of India Limited

..Petitioner

Vs

1. Madhya Pradesh Power Transmission Company Ltd. Jabalpur
2. Maharashtra State Electricity Distribution Company Ltd., Mumbai
3. Gujarat Urja Vikas Nigam Ltd., Baroda
4. Electricity Deptt., Government of Goa, Panaji
5. Electricity Deptt., Administration of Daman & Diu, Daman
6. Electricity Deptt., Administration of Dadra & Nagar Haveli, Silvassa
7. Chhattisgarh State Electricity Board, Raipur
8. Madhya Pradesh Audyogik Kandra Vikas Nigam (Indore) Ltd, Indore

.Respondents

The following were present:

1. Shri V.V.Sharma, PGCIL
2. Shri U.K. Tyagi, PGCIL
3. Shri C Kannan, PGCIL
4. Shri S.K. Niranjana, PGCIL
5. Shri Harmeet Singh, PGCIL
6. Shri D.D.Khandelwal, MPPTCL

ORDER

(DATE OF HEARING: 22.1.2008)

The application has been made for approval of provisional transmission tariff for 400 kV Bina-Nagda D/C transmission line along with bay equipment at Nagda and Bina (the transmission line) in Western Region from 1.11.2007 to 31.3.2009.

2. The investment approval for the transmission line was accorded by Board of Directors of the petitioner's company vide its Memorandum dated 13.7.2004 at an

estimated cost of Rs. 26693 lakh, which included IDC of Rs. 1467 lakh. As per the investment approval the transmission line was to be completed by March 2008. Subsequently, approval for the revised cost estimate was accorded by Board of Directors of the petitioner company vide Memorandum dated 3.12.2007 for an estimated cost of Rs. 38780 lakh, which includes IDC of Rs. 2163 lakh. The transmission line has been declared under commercial operation w.e.f. 1.11.2007, 5 months ahead of schedule. The petitioner has explained that early commissioning of the transmission line was discussed at 5th WRPC meeting held on 6.10.2007 and WR constituents agreed to preponment of the commissioning of transmission line.

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

(Rs. in lakh)	
Expenditure up to 31.3.2007 (audited)	23684.30
Expenditure from 1.4.2007 to 31.10.2007	8635.34
Balance estimated expenditure	3413.11
Total	35732.75

4. The petitioner has claimed the following transmission charges, based on the capital cost of Rs.32319.64 lakh as on the date of commercial operation:

(Rs. in lakh)	
Period	Transmission Charges
2007-08(Pro rata)	1974.28
2008-09	4693.93

5. The petition has been heard after notice to the respondents. Madhya Pradesh Power Trading Company Limited, though not impleaded as a party 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 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.

Capital cost

6. The actual expenditure of Rs. 32319.64 lakh as on the date of commercial operation has been claimed by the petitioner as the base for determination of provisional transmission tariff. This expenditure has been considered for the purpose of tariff.

7. The petitioner has indicated equity deployment of Rs.9696.64 lakh as on the date of commercial operation which is 30% of the capital cost of Rs. 32319.64 lakh considered (the limit specified in the 2004 regulations). The same has been considered. Therefore, return on equity @ 14% would be Rs.565.64 lakh for the year 2007-08 on pro rata basis and Rs. 1357.53 for the year 2008-09.

8. The petitioner has claimed depreciation of Rs. 361.23 lakh (2.68% of the capital cost of Rs.32319.64 lakh) for the year 2007-08 (pro rata) and Rs. 866.94 lakh for year 2008-09. and same has been allowed. 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 9.27%. Interest on loan component on the average loan amounts for the years 2007-08 and 2008-09 works out to Rs. 866.49 lakh and Rs.2022.67 lakh respectively. No Advance Against Depreciation has been considered by us while working out the provisional tariff.

9. O & M expenses have been claimed for 660.310 ckt kms and four (4) 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.

10. 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	565.64	1357.53
Depreciation	361.23	866.94
Advance against depreciation	0.00	0.00
Interest on loan	866.49	2022.67
O & M expenses	122.87	307.24
Interest on working capital	58.06	139.55
Total	1974.29	4693.94

11. 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.

12. The petitioner shall make a fresh application for approval of final tariff in accordance with the Commission's regulations on the subject, latest by 31.12.2008.

13. While making the fresh 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. The petitioner shall also furnish the reasons for increase in estimated cost from Rs. 26694 lakh, as per approval dated 13.7.2004, to Rs. 38780 lakh, as per the revised approval dated 3.12.2007.

14. The application stands disposed of in above terms.

Sd/-
(R.KRISHNAMOORTHY)
MEMBER
New Delhi dated the 22nd January 2008

sd/-
(BHANU BHUSHAN)
MEMBER