

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram:**

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

**Petition No.158/2007**

**In the matter of**

Determination of provisional transmission tariff for Ckts IV & III of 400 kV D/C Satna-Bina transmission line under Vindhyachal Stage-III transmission system in Western Region for the period up to 31.3.2009.

**And in the matter of**

Power Grid Corporation of India Limited, Gurgaon

**..Petitioner**

Vs

1. Madhya Pradesh Power Transmission Company Ltd.
2. Maharashtra State Electricity Distribution Company Ltd., Mumbai
3. Gujarat Urja Vikas Nigam Ltd., Vadodra
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 charges for Ckts IV & III of 400 kV D/C Satna-Bina transmission line (the transmission assets) under Vindhyachal Stage-III transmission system (the transmission system) in Western Region from the date of commercial operation of the respective element and up 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 23.7.2004 at an estimated cost of Rs. 59647 lakh, which included IDC of Rs. 5289 lakh. Subsequently, approval for the revised cost estimate has been accorded by Ministry of Power under its letter dated 13.11.2007 at an estimated cost of Rs. 68956 lakh, which includes IDC of Rs. 1319 lakh.

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

S. No	Name of Asset	Date of commercial operation	Apportioned approved cost (Rs. in lakh)	Actual cost as on date of commercial operation (Rs. in lakh)
1.	400 kV D/C Satna-Bina Ckt-IV along with associated bays equipment at Satna-Bina	1.7.2007	18240.54	15425.55
2.	400 kV D/C Satna-Bina Ckt-III along with associated bays equipment at Satna-Bina	1.9.2007	7286.61	6173.64
	Total		<b>25527.15</b>	<b>21599.19</b>

4. The further details of capital expenditure submitted by the petitioner are as under:

	(Rs.in lakh)	
	400 kV D/C Satna-Bina Ckt-IV along with associated bays equipment at Satna-Bina	400 kV D/C Satna-Bina Ckt-III along with associated bays equipment at Satna-Bina
Expenditure up to 31.3.2007	14647.05	5744.87
Expenditure from 1.4.2007 and up to the date of commercial operation	778.50	428.77
Balance estimated expenditure	2414.03	931.88
	<b>17839.58</b>	<b>7105.52</b>

5. 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:

Period	(Rs. in lakh)	
	400 kV D/C Satna-Bina Ckt-IV along with associated bays equipment at Satna-Bina	400 kV D/C Satna-Bina Ckt-III along with associated bays equipment at Satna-Bina
2007-08(Pro-rata)	1641.89	564.43
2008-09	2163.37	961.49

6. The expenditure up to 31.3.2007 has been verified from audited statement of accounts. The expenditure from 1.4.2007 and up to the date of commercial operation is based on provisional accounts

7. The application has been heard after notice to the respondents. M. P. Power Trading Co. Ltd., though not impleaded as a party in its reply in has raised certain issues which may be relevant for disposal of the main petition. Since presently we are considering the application for approval of provisional tariff only, the issues raised are not being gone into at this stage. The issues will be examined when the main petition for final tariff is taken up for consideration.

**400 kV D/C Satna-Bina Ckt-IV along with associated bays equipment at Satna-Bina**

8. The apportioned approved cost of the transmission asset is stated to be Rs. 18240.54 lakh. Since the actual cost as on the date of commercial operation is less than the apportioned approved cost, the actual expenditure of Rs. 15424.55 lakh as on the date has been taken as the capital cost for the provisional tariff calculations.

9. The petitioner has indicated equity deployment of Rs.4633.55 lakh as on the date of commercial operation, which is 30.4% of the capital cost of Rs. 15424.55 lakh

considered. The same has been considered for the purpose of provisional tariff. Therefore, return on equity @ 14% would be Rs. 486.52 lakh for the year 2007-08 on pro rata basis and Rs. 648.70 lakh for the year 2008-09.

10. The petitioner has claimed depreciation of Rs.312.33 lakh (2.70% of the capital cost of Rs. 15425.55 lakh) for the year 2007-08 ( pro rata) and Rs. 416.44 lakh for the 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, that is, 8.71%. Interest on loan component on the average loan amounts for the years 2007-08 and 2008-09 works out to Rs.694.76 lakh (pro rata) and Rs. 894.60 lakh respectively . No advance against depreciation has been claimed by the petitioner and allowed by us.

11. O & M expenses have been claimed for 272.586 Ckt kms and two (2) 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.

**400 kV D/C Satna-Bina Ckt-III along with associated bays equipment at Satna-Bina**

12. The apportioned approved cost of the transmission asset is stated to be Rs. 7286.61 lakh. Since the actual cost as on the date of commercial operation is less than the apportioned approved cost, the actual expenditure of Rs. 6173.64 lakh as on the date has been taken as the capital cost for the provisional tariff calculations.

13. The petitioner has indicated equity deployment of Rs.1853.64 lakh as on the date of commercial operation, which is 30.3% of the capital cost of Rs. 6173.64 lakh considered. The same has been considered for the purpose of provisional tariff. Therefore, return on equity @ 14% would be Rs. 151.38 lakh for the years 2007-08 on pro rata basis and Rs. 259.51 lakh for the year 2008-09.

14. The petitioner has claimed depreciation of Rs.98.89 lakh (2.75% of the capital cost of Rs. 6173.64 lakh) for the year 2007-08 (pro rata) and Rs. 169.52 lakh for the 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, that is, 8.83%. Interest on loan component on the average loan amounts for the years 2007-08 and 2008-09 works out to Rs.219.99 lakh (pro rata) and Rs. 365.27 lakh respectively. No advance against depreciation has been claimed by the petitioner and allowed by us.

15. O & M expenses have been claimed for 272.586 ckt kms and two (2) 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.

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

(Rs. in lakh)

	400 kV D/C Satna-Bina Ckt-IV along with associated bays equipment at Satna-Bina		400 kV D/C Satna-Bina Ckt-III along with associated bays equipment at Satna-Bina	
	2007-08(Pro-rata)	2008-09	2007-08(Pro-rata)	2008-09
Return on equity	486.52	648.70	151.38	259.51
Depreciation	312.33	416.44	98.89	169.52
Advance against depreciation	0.00	0.00	0.00	0.00
Interest on loan	694.76	894.60	219.99	365.27
O & M expenses	99.58	138.31	77.45	138.31
Interest on working capital	48.71	65.33	16.73	28.87
<b>Total</b>	<b>1641.90</b>	<b>2163.37</b>	<b>564.44</b>	<b>961.48</b>

17. 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.

18. 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.

19. 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.

**Sd/-**  
**(R.KRISHNAMOORTHY)**  
**MEMBER**  
**New Delhi dated the 23<sup>rd</sup> January 2008**

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