CENTRAL ELECTRICITY REGULATORY COMMISSION NEW DELHI

Coram:

- 1. Dr Pramod Deo, Chairperson
- 2. Shri Bhanu Bhushan, Member
- 3. Shri R.Krishnamoorthy, Member
- 4. Shri S.Jayaram, Member

Petition No. 150/2008

In the matter of

Determination of provisional transmission tariff up to DOCO for (i) 400 kV Jalandhar-Ludhiana transmission line with associated bays, 400 kV Ludhiana-Malerkotla transmission line with associated bays, 80 MVAR Bus Reactor, 315 MVA, 400/220/33 kV ICT-I along with associated bays at Ludhiana sub-station (ii) 220 kV Lalton Kalan I and II line bay, 220 kV Jagraon line bay, 315 MVA, 400/220/33 kV ICT-II, 400 kV ICT-II Malerkotla transmission line tie bay, 400 kV ICT-I Patiala transmission line tie bay, 400 kV Bus Reactor-Koldam-II tie bay, 400 kV Jallandhar transmission line-Koldam-I tie bay, 220 kV Dhandari line bay, 220 kV transfer bus coupler bay, 220 kV bus coupler bay with associated bays at Ludhiana sub-station under Northern Region System Strengthening Scheme-III in Northern Region for the period 2004-09.

And in the matter of

Power Grid Corporation of India Limited, Gurgaon

..Petitioner

Vs

- 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 Limited, New Delhi
- 12. BSES Rajdhani Power Ltd., New Delhi
- 13. North Delhi Power Ltd., New Delhi
- 14. Chief Engineer, Chandigarh Administration, Chandigarh
- 15. Uttaranchal Power Corporation Ltd, Dehradun
- 16. North Central Railway, AllahabadRespondents

The following were present:

- 1. Shri U.K. Tyaqi, PGCIL
- 2. Shri Prashant Sharma, PGCIL
- Shri M.M.Mondal, PGCIL
- 4. Shri Rakesh Prasad, PFCIL
- 5. Shri S.S. Raju, PGCIL

ORDER (DATE OF HEARING: 23.12.2008)

The application has been made for approval of provisional transmission charges for (i) 400 kV Jalandhar-Ludhiana transmission line with associated bays, 400 kV Ludhiana-Malerkotla transmission line with associated bays, 80 MVAR Bus Reactor, 315 MVA, 400/220/33 kV ICT-I along with associated bays at Ludhiana substation (Asset-I) and (ii) 220 kV Lalton Kalan I and II line bay, 220 kV Jagraon line bay, 315 MVA, 400/220/33 kV ICT-II, 400 kV ICT-II Malerkotla transmission line tie bay, 400 kV ICT-I Patiala transmission line tie bay, 400 k V Bus Reactor-Koldam-II tie bay, 400 kV Jallandhar transmission line-Koldam-I tie bay, 220 kV Dhandari line bay, 220 kV transfer bus coupler bay, 220 kV bus coupler bay with associated bays at Ludhiana sub-station (Asset-II) (collectively referred to as "the transmission assets) under Northern Region System Strengthening Scheme-III (the transmission scheme) in Northern Region from the date of commercial operation 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 13.7.2004 at an estimated cost of Rs.23052 lakh, which includes IDC of Rs. 1477 lakh. Subsequently, approval for the revised cost estimate for the transmission scheme was accorded by Board of Directors vide letter dated 26.2.2008 at an estimated cost of Rs.32690 lakh, including IDC of Rs. 1826 lakh.
- 3. The date of commercial operation of the respective transmission asset, its apportioned approved cost and the actual cost, as on the date of commercial operation, as given by the petitioner are as hereunder:

S. No	Name of Asset	Date of commercial operation	Apportioned approved cost (Rs. in lakh)	Capital cost as on the date of commercial operation (Rs. in lakh)
1.	Asset-I	1.6.2008	15188.72	12907.40
2.	Asset-II	1.7.2008	3940.64	3372.97

- 4. The expenditure up to 31.3.2008 has been verified from the audited statement of accounts for the year 2007-08. For the period from 1.4.2008 to the date of commercial operation, the expenditure indicated is based on books of accounts yet to be audited.
- 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
 Asset-I
 Asset-II

 2008-09 (Pro rata)
 1711.21
 418.24

- 6. The petition has been heard after notice to the respondents. None has filed a reply.
- 7. In respect of the both assts, the capital expenditure on the date of commercial operation is less than its apportioned approved cost. Therefore, for the purpose of provisional tariff, we have considered the capital expenditure as on the date of commercial operation.
- 8. Based on the above, the provisional transmission charges are determined as follows:

(Rs. in lakh)

	Asset-I	Asset-II
	2008-09 (Pro rata)	2008-09 (Pro rata)
Depreciation	303.30	63.11
	@ 2.82	@3.70
Interest on loan	687.17	123.34
Return on equity	451.76	71.60
Advance Against Depreciation	0.00	0.00
Interest on working capital	50.35	12.14
O & M expenses	218.53	148.05
Total	1711.21	418.24

- 9. 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.
- 10. The petitioner shall file a fresh petition for approval of final tariff in accordance with the Commission's regulations on the subject, latest by 30.6.2009.
- 11. The Commission in its order dated 28.3.2008 in *suo-motu* Petition No. 85/2007 regarding sharing of transmission charges, relevant para extracted hereunder, had decided to segregate cost of ICTs and downstream system for the purpose of the payment of tariff:
- "6. The segregation of step-down transformers and downstream systems has been proposed by the Commission on the guiding criterion that they primarily serve the local beneficiary only. The segregation is considered as the first step in the direction of rationalization of transmission charge sharing, in line with the mandate for bringing in distance and direction sensitivity. At the same time, the Commission is conscious of the difficulties in segregation of transmission charges for the existing assets, and has been persuaded that the required effort may not be worthwhile. Taking all relevant aspects into account, it has been decided to let all step down transformers (ICTS) and downstream systems presently in commercial operation or in the pipeline continue on pooled basis as presently agreed and in vogue. However, transmission charges for all such transformers and down stream systems under the inter-State transmission schemes yet to be brought under commercial operation shall be segregated from the rest of the scheme, and shall be payable only by the beneficiary directly served."
- 12. While making the application for approval of final tariff, the petitioner shall take into account the above observation. The petitioner shall file a certificate, duly signed by the Auditors, certifying the loan details, duly reconciled with audited accounts of 2007-08.

Sd/- sd/- sd/- sd/- sd/- (S. JAYARAMAN) (R.KRISHNAMOORTHY) (BHANU BHUSHAN) (DR.PRAMOD DEO) MEMBER MEMBER MEMBER CHAIRPERSON New Delhi dated the 9th January 2009