

**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. 149/2008

In the matter of

Determination of provisional transmission tariff for (i) 40% Fixed Series Compensation for Seoni Khandwa Ckt I & II, (ii) 315 MVA, 400/220 kV ICT with associated bays, 220 k V bays associated with Itarsi (PG)-Itarsi (MPPTCL) Ckt-II and 220 kV bays associated with Itarsi (PG)-Bhopal (MPPTCL) Ckt-II and (iii) 400 kV D/C Raipur-Sipat transmission line, under WRSS-I Transmission system in Western Region from date of commercial operation to 31.3.2009.

And in the matter of

Power Grid Corporation of India Limited, Gurgaon

..Petitioner

Vs

1. Madhya Pradesh Power Trading Company Ltd., Jabalpur
2. Maharashtra State Electricity Distribution Co. Ltd., Mumbai
3. Gujarat Urja Vikas Nigam Ltd., Vadodara
4. Electricity Deptt., Govt., of Goa, Panaji
5. Electricity Department, Administration of Daman and Diu, Daman
6. Electricity Department, Administration of Dadra Nagar Haveli, Silvassa
7. Chhattisgarh State Electricity Board, Raipur
8. Madhya Pradesh Audyogik Kendra, Indore

.....Respondents

The following were present:

1. Shri U.K. Tyagi, PGCIL
2. Shri Prashant Sharma, PGCIL
3. Shri M.M.Mondal, PGCIL
4. Shri Rakesh Prasad, PFCIL
5. Shri S.S. Raju, PGCIL
6. Shri Pramod Chowdhary, MPPTCL

**ORDER
(DATE OF HEARING: 23.12.2008)**

The application has been made for approval of provisional transmission charges for (i) 40% Fixed Series Compensation for Seoni Khandwa Ckt I & II (Asset-I), (ii) 315 MVA, 400/220 kV ICT with associated bays, 220 kV bays associated with Itarsi (PG)-Itarsi (MPPTCL) Ckt-II and 220 kV bays Itarsi (PG)-Bhopal (MPPTCL) Ckt-II (Asset-II) and (iii) 400 kV D/C Raipur-Sipat transmission line (Asset-III)

(collectively referred to as “the transmission assets) under Western Region System Strengthening Scheme-I (the scheme) in Western Region from date of commercial operation of the respective transmission asset 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 scheme was accorded by Board of Directors of petitioner company vide its letter dated 12.8.2004, at an estimated cost of Rs.19921 lakh, including IDC of Rs. 1085 lakh. The scheme was to be completed by November 2007.

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 date of commercial operation (Rs. in lakh)
1.	Asset-I	1.4.2008	5040	4290.70
2.	Asset-II	1.5.2008	1839	2364.85
3.	Asset-III	1.8.2008	13042	14869.88

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, in case of Asset-II and Asset-III, 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	(Rs. in lakh)		
	Asset-I	Asset-II	Asset-III
2008-09 (Pro rata)	696.45	443.65	1524.31

6. The petition has been heard after notice to the respondents. Madhya Pradesh Power Trading Company Limited in its reply has raised certain issues, like cost approved in the investment approval, income tax, etc. These issues 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 or any other relevant, if so advised, when the petition for final tariff is filed. All the issues will be examined then.

7. In respect of the Asset-I, 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. In respect of Asset-II and Asset-III, capital expenditure on the date of commercial operation exceeds the apportioned approved cost. Therefore, for the purpose of provisional tariff we have considered the apportioned approved cost.

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

(Rs. in lakh)

	Asset-I	Asset-II	Asset-III
	2008-09 (Pro rata)	2008-09 (Pro rata)	2008-09 (Pro rata)
Depreciation	154.47 @ 3.60%	61.58 @3.65%	234.34 @2.70%
Interest on loan	275.80	108.80	574.87
Return on equity	180.21	70.74	365.17
Advance Against Depreciation	0.00	0.00	0.00
Interest on working capital	20.15	10.91	39.75
O & M expenses	65.80	120.63	140.62
Total	696.42	372.66	1354.75

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, and also furnish the detailed justification for time over-run and cost over-run.

Sd/-

sd/-

sd/-

sd/-

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